ORGANISATIONAL BEHAVIOUR

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Sultan Chand & Sons
Educational Publishers
23, Daryaganj, New Delhi - 110 002

First Edition, 1984
Section Edition, 1994

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Printed at :
M/s Soni Offset Works
Rohtak Road, New Delhi.

Preface to the Second Edition

Organisational Behaviour is the second revised edition of Organisation Theory and Behaviour In the second edition, many changes have been made. The major additions are · nature and role of organisational behaviour, organisation behaviour modification, dynamics of stress, and organisational politics Besides various cases have been added on different aspects of Organisational Behaviour. Major changes have been made in the nature of human behaviour, perception, learning, personality, interpersonal behaviour, group dynamics, and communication. Because of additions and changes, the book has now been organised into six parts . organisation and its analysis, individual dimensions of organisational behaviour, interactive dimensions of organisational behaviour, structural dimensions of organisational behaviour, organisational affectiveness and change, and cases. Presentation of the contents in the present form is likely to serve the ends of the readers better.

I feel indebted to all those writers and researchers whose thoughts and theories have been helpful in bringing out this edition. I am grateful to my colleagues at various universities and institutions who have given their valuable suggestions from time to time I am thankful to numerous readers of the book who have favoured me with their valuable suggestions in the form of feedback from time to time. Such suggestions are really quite helpful to revise the textbook I am sure that they will continue to provide feedback about this edition which will always be appreciated and acknowledged

Jaunpur
October, 1993

L M PRASAD

Preface to the First Edition

Last few decades have witnessed an exponential growth rate of research and writing on behaviour in organisations. A result of this is that organisational behaviour is no longer merely a 'behavioural approach to management', nor is it a superficial melange of interdisciplinary topics; it has jelled into a discipline in its own right with somewhat commonly shared conceptual core, a set of distinctive methodologies, and unifying points of reference Although there are many differences of opinion with regard to certain basic issues, there is increasing consensus as to what the basic issues are. The discipline has contributed a lot towards the development of knowledge for managing Its increasing role in management can be appreciated by the fact that it has been made compulsory for the students of management at all levels.

The basic requirements of a management student in this area can be fulfilled by providing him a standard text book through which he can get into the insights of how people behave and how this behaviour can be made meaningful so that their coordinated efforts results in organisational effectiveness Though many text books are available on the subject, these fall well short of the satisfaction to the students concerned because of two reasons First, most of these books are by foreign authors which do not meet the requirements of Indian students as these have been written in a different context. Further, their language is not easily comprehensible by the students. As such the students do not get exact idea as to how the various developments in the field are applicable to the Indian environment. Second, there are some books by Indian authors, though not many, but they do not provide comprehensive reading material on the subject. The present text tries to overcome both these limitations It presents the comprehensive material drawn from various books, journals, and other publications In order to make it up-to-date, the latest material on the subject has been included The book also incorporates the latest practices in the Indian context so that readers can appreciate how Indian organisations are applying various concepts developed in the field Thus, it is expected not only to serve the purpose of the students of management but also to be equally useful for busy practising managers, particularly those who have no formal training in management, and who want to update their knowledge on the subject

The efforts in this book have been aimed at articulating and systematising the definitive conceptual core of behavioural and structural aspects of organisation Several factors have guided efforts towards this end. First, efforts have been focused at the level of individual and group behaviour in organisation, or in other words, at the micro level. At the same time, attempts have been made to study the organisation at macro level in the context of its structure, design, and development This has been done to understand the working of organisations fully and to make the book more comprehensive

Second, emphasis has been put on contemporary developments in this fund of knowledge without neglecting older contributions that have proved their worth over the years Third, emphasis has been put on those topics which are believed to be richest in their implications for management of people in the organisation – not only as guides to immediate action, but in their potential for guiding a lifelong process of self-education in the dynamics of human behaviour in organisations

The textual materials of the volume have been divided into five parts. These have been put in such a sequence that understanding is developed in the field in an integrated way. The first part presents a general understanding of the emerging field of organisation theory and behaviour. It also describes the basic nature of the organisation in which context one is talking about human behaviour Part II, divided further into six chapters, focuses on basic nature of human behaviour and various forces which affect this behaviour. It is essential to analyse these factors so that managers can understand the intricacies of human behaviour and can use this understanding in directing the behaviour in a specified way. Part III prescribes the methods through which behaviour can be directed for achieving organisational as well as personal goals The methods have been prescribed keeping in view the range of actions both direct and indirect available for the purpose. Part IV deals with organisation structure and various problems involved in it It does not only prescribe the alternative way of organising but also the actions to overcome the problems which managers have to face in prescribing structure. The last part presents the idea as to how managers can measure the effectiveness of the organisations and how can they analyse the various factors affecting it. It also presents the way in which an organisation can be changed if it is not effective For this purpose, various techniques have been suggested in an integrated manner.

The book is not definitely the exclusive product of the author but several persons have contributed towards this To all those whose ideas have been helpful in preparing this text, I wish my sincere appreciation. Though it is too difficult to mention these names in an exhaustive manner, some prominent ones have, however, been recognised in the form of references at appropriate places I am really grateful to Dr S K.R Bhandari and Prof. A.K. Shah who have been constant source of inspiration for not only writing this book but also for taking up many academic exercises. I am indebted to Dr. D.R. Singh and Dr. M.A. Zahir, Punjab Agricultural University, Ludhiana, for their valuable suggestions at the various stages of preparing the manuscript of the book I am thankful to my colleagues in the department, particularly Prof O S. Gupta and Dr. S S. Srivastava, for creating a friendly climate in which some revision has been made in an earlier draft of the manuscript My thanks are due to my several students whose ideas have benefited me immensely.

Surat
February, 1984

L M. PRASAD

CONTENTS

PART I

ORGANISATION AND ITS ANALYSIS

PART II

INDIVIDUAL DIMENSIONS OF ORGANISATIONAL BEHAVIOUR

PART III
INTERACTIVE DIMENSIONS OF ORGANISATIONAL BEHAVIOUR

PART IV
STRUCTURAL DIMENSIONS OF ORGANISATIONAL BEHAVIOUR

PART VI

CASES

21. F# Part I : Organisation and Its Analysis

1

Nature of Organisation

Theme

To understand the basic nature of the organisation by defining and classifying it,

To identify organisational and individual goals;

To understand environmental-organisational relationship.

Human beings are, by nature, gregarious and community or group life is one of the earliest and most enduring features of human existence on this planet. This natural inclination for living and working together with others underlies the prevalence of a variety of social groupings, such as, family, clan, community, friendship group, organisation, etc These social groups are not merely a number of individuals collected at random but they are composed of individuals who are interrelated. The individuals are bound together in a network of relatively stable social relationships. Thus our society is organisational with large and complex organisations dominating every sphere of human activity in almost all countries of the world, irrespective of ideological and other differences. Organisations, as such, have become the crucial factors affecting the quality of human life in the contemporary society. The study of organisations, thus, is an important fact of human life

Definition of Organisation

The study of an object or discipline should begin with its working definition delineating precisely its contents and characteristics, defining its scope and boundary, and prescribing the objectives for which it stands. From this point of view, we can proceed further only when we define the term organisation.[1] However, it is very difficult to define the term organisation precisely bringing all the characteristics of a good definition The basic reason for this is the non-standardised use of the term organisation For example, Urwick states that "in English-speaking countries, and particularly in the U.S A., the term organisation has two popular meanings or usages. And these are incompatible First, there is the meaning or usage in which the term was

1 Some organisation theorists suggest that definitions of organisation do not serve any purpose James G March and Herbert A Simon, *Organisations*, New York John Wiley, 1958, p 1 While disagreeing with this, Hall states that "discussions of definition are capable of being quite deadly, but they are also capable of yielding a good deal of insight into the phenomena under investigation And they provide a basis for understanding the approach taken by their developer in his own discussion of these phenomena " Richard H Hall, *Organisations Structure and Process*, Englewood Cliffs, N J Prentice Hall, 1972, p 5 I agree with the latter version

employed by the so-called classicists of management. There is a second usage of the term organisation which is very general particularly in the U.S.A., but also in Great Britain. That is synonymous for the corporation or undertaking, the human group regarded as a whole. That these usages of the same term are incompatible is obvious."[2] Thus the term organisation is used in two ways : Organisation as a process and organisation as a unit. Naturally a single definition cannot cover both

The reason for this phenomenon is quite simple. Since the second decade of this century, a number of disciplines have claimed to contribute to human knowledge of managing. These disciplines have been immature to be a science. The consequence has been almost unfathomable confusion over the terms, a confusion in which ambivalence in using the word organisation has played a conspicuous part.

As a subject-matter of organisation theory, the term organisation is used in the sense of organised unit. In this context too, however, the term organisation has been defined in various ways by different theorists. This is so because different theorists have emphasised different characteristics of organisation. For example, Weber defines organisation as corporate group. Accordingly, corporate group is a "social relation which is either closed or limits the admission of outsiders by rules, ... its order is enforced by the action of specific individuals whose regular function this is."[3] Weber's definition has served as the basis for many others His focus is basically on legitimate interaction patterns among organisational members as they pursue goals and engage in activities A major component of this definition is the idea of order which differentiates organisation from other social entities, such as, family, community, etc. Interaction patterns do not simply arise ; there is a structuring of interaction imposed by the organisation itself This interaction is associative rather than communal. This again differentiates between organisation and other social units

Barnard and his followers have taken a different view in defining the organisation. While in disagreement with Weber, Barnard stresses a different basis for organisation. He defines organisation as 'a system of consciously coordinated activities or forces of two or more persons.'[4] This emphasises that activities are accomplished through conscious, deliberate, and purposeful coordination Barnard essentially emphasises the role of the individual because it is he who must communicate and be motivated It is he who must make decisions.

Etzioni emphasises structuring and restructuring of human groups for certain specified goals as the basis for constituting an organisation He defines

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2 L F Urwick, 'That Word Organisation' *Academy of Management Review*, January 1976, pp 89-92

3 Max Weber, *The Theory of Social and Economic Organisation*, translated by A M Henderson and Talcott Parsons, New York Free Press, 1947, pp 145-146

4 Chester I Barnard, *The Functions of the Executive*, Cambridge Mass Harvard University Press 1938, p 73

organisations as 'social units (or human groupings) deliberately constructed and reconstructed to seek specific goals. Corporations, armies, schools, hospitals, churches, and prisons, are included; tribes, classes, ethnic groups, and families are excluded.'[5] Etzioni stresses three characteristics of organisations: division of labour, the presence of one or more power centres, and substitution of personnel. This definition appears to correspond with the reality. However, two problems remain unsolved with this type of definition. *First*, many of the organisational activities may be unrelated to the goals Hence it is better to say that organisations are established for the pursuit of the goals but may engage in activities that may or may not be related to them. *Second*, there is issue of defining boundary. In some cases, this boundary is easily recognised while in many other cases it may have to be specified

Hall has added another dimension in defining organisation, that is, environment. He defines organisation as a 'collectivity with relatively identifiable boundary, a normative order, authority ranks. communication systems, and membership coordinating systems; this collectivity exists on a relatively continuous basis in an environment and engages in activities that are usually related to a goal or a set of goals.'[6] This definition, though cumbersome, provides the basic identifiable characteristics of organisations Organisations are complex entities that contain a series of elements and are affected by many diverse factors. Thus the organisation may be defined as human group deliberately and consciously created for the attainment of certain goals with rational coordination of closely relevant activities

Features of Organisation

When the organisation is defined as above, it has the following distinguished features:

1. *Identifiable Aggregation of Human Beings* Organisation is an identifiable aggregation of human beings. The identification is possible because human group is not merely a number of persons collected at random, but it is a group of persons who are interrelated Identifiable aggregation does not mean that all the individuals know each other personally because, in large organisations, this is not possible. The identifiable group of human beings determines the boundary of the organisation. Such boundary separates the elements belonging to the organisation from other elements in its environment. However, the separation is rarely absolute, that is, some of the elements in the organisation will interact with its environment. The amount of interaction can be thought of in terms of permeability of the organisation's boundary. This refers to the flow of both people and information across the boundary

2. *Deliberate and Conscious Creation.* Organisation is a deliberately and consciously created human group It implies that relationship between organisation and its members is contractual. They enter in the organisation through the contract and can be replaced also, that is, unsatisfactory persons

5 Amitai Etzioni, *Modern Organisations*, New Delhi Prentice Hall of India, 1964, p 3
6 Hall, *Op cit*, p 9

can be removed and others assigned their tasks. The organisation can also recombine its personnel through promotion, demotion, and transfer. As such, organisation can continue for much longer period than their members Such deliberate and conscious creation of human groups differentiates between casual or focused gathering having transitory relationships like a mob and social units. Some minimal amount of such construction and reconstruction is found in all social units, but it is much higher in the case of organisations. Such distinction is only relative but it is an important one. Other social units, like family, community have some conscious planning (family budget, etc.), power centre (community chief), and replaceable membership (through divorce), but the extent to which these social units are consciously planned and deliberately structured with replaceable membership are much less as compared to organisations. Thus companies, armies, hospitals, etc., are included in the category of organisation, while tribes, families, friendship groups, etc., are excluded

3 *Purposive Creation* The organisation is a purposive creation, that is, all the organisations have some objectives or set of objectives. The objectives are mutually agreed upon by the members of the group An organisational objective is a desired state of affairs which the organisation attempts to realise Organisations are contrived social instruments through which society, or portion of it, obtains things that either could not be obtained at all or could not be had as easily or cheaply Organisations are, thus, intervening elements between needs and their satisfaction. The success or failure of an organisation is measured in terms of achievement of its objectives.

4. *Coordination of Activities* In the organisation, there is a coordination of closely relevant activities of the members. The coordination is necessary because all the members contribute to commonly agreed goals. The object of coordination is activities, not individuals, as only some of the activities of individuals are relevant to the achievement of a particular objective. This is so because the same person can belong to many different organisations at the same time and in each one, only some of his activities are relevant. From this point of view, the organisation must spell out the activities or roles which must be fulfilled in order to achieve the goal Which particular person performs this role may be irrelevant to the concept of organisation, though it will be relevant how well the organisation actually operates

5. *Structure* The coordination of human activities requires a structure wherein various individuals are fitted The structure provides for power centres which coordinate and control concerted efforts of the organisation and direct them towards its goals It is obvious that coordination among many diverse individuals is not possible without some means of controlling, guiding, and timing the various individuals or groups The very idea of coordination implies that each individual or unit submits to some kind of authority for the sake of achievement of common objective Since the individuals are structured in the hierarchy, there is also hierarchy of authority, and depending upon the size and nature of a particular organisation, there may be many

centres of authority in the organisation. This does not mean that authority is always external ; coordination can be achieved by self-disciplining activities, but some kind of authority is essential for coordination in organisation This may vary between complete self-discipline and complete autocracy.

6. *Rationality.* There is a rationality in coordination of activities or behaviour. Every organisation has some specified norms and standards of behaviour – such norms of behaviour are set up collectively by the individuals and every member of the organisation is expected to behave according to these norms or standards The behaviour is governed by reward and penalty system of the organisation which acts as a binding force on its members. The desirable behaviour is rewarded and undesirable one is penalised. To enforce rationality in behaviour, organisation also provides for substitution of its members

These characteristics differentiate an organisation from other social units, such as, community, family, clan, friendship group, etc. However, modern organisations, though not all, tend to be large and complex Such characteristics are important from the point of view of their management In a large organisation, the members are arranged in a number of hierarchies which present some specific problems besides the usual ones associated with every organisation, large or small. Such problems may be in the form of increased distance between decision centres and actual operative levels. This feature makes the coordination more difficult. Besides, the complexity of society also adds to the complexity of large organisations. Today, the society has become very complex in the sense that a change in its particular part generates changes in other parts. This has become possible because of general and steady change process towards betterment The kinds of structure that have developed today, in response to the complex forces at work in the society, are obviously a far cry from those that were based on master-servant relationships. These factors are : more education and higher level of individuals' aspirations which in turn have resulted in technological innovations, task specialisation, and intensive division of labour. Thus individuals' functions in groups or organisations have become more interdependent. Moreover, a particular group itself is highly dependent on the other groups in the society and it affects the functioning of other groups and is affected by their functioning.

Types of Organisations

There are various types of organisations for the study of which an organisation typology is constructed Typology is a set of types of something being studied, in this case organisation. Organisation typology relates to the various categories into which organisations can be classified. It is needed for man in order to be able to think about organisations He must have some framework by which to view the world around him An organisation member makes decisions based upon an implicit categorisation of organisations. He is concerned with how to organise for effectiveness, and this involves a classificatory mode of thought Classification of organisation, thus, is

necessary for all those in contact with an organisation, particularly those who are in decision-making positions

Typology is a tool for differentiation; however, any two organisations may probably appear to be similar on some points and differ on many others. Moreover, same type of units may be a different type of organisation at different times. Therefore, the typology should focus on the properties of the organisations rather than their levels. Organisation typology, strictly speaking, is a multi-dimensional classification because organisations are complex social objects having diverse characteristics Since typology provides us with a way of developing middle range of theories and knowledge closer to the reality of all organisations, it should be based on certain criteria. Litterer has suggested following criteria for constructing typology of organisations :

1. The typology must be constructed along some important general variable or property of organisations which permits unambiguous differentiation of organisations.

2. The variable must be one of a set of important organisational variables

3. The variable chosen must lead to information or understanding important to the users [7]

Organisations, thus, may be classified on various bases A simple and descriptive classification may be based on size – small, medium, large, and giant ; ownership – public, private, and mixed ; legal form – sole trader, partnership firm, joint stock company, corporation, and co-operative society ; area of operation – local, regional, national and international. Such classifications are fairly easy but do not present analytical framework for the study of organisations There are various schemes of classifying organisations based on analytical criteria. For example, Parsons differentiates four types of organisations on the basis of their functions. These are : *(i)* economic organisations, *(ii)* political organisations, *(iii)* integrative organisations, and *(iv)* pattern maintenance organisations [8] Hughes provides another classification of organisations in the form of *(i)* voluntary association, *(ii)* military organisation, *(iii)* philanthropic organisation, *(iv)* corporation, and *(v)* family business [9] Blau and Scott have taken beneficiary of organisations' output as the basis for classifying organisations This puts organisations into four categories : *(i)* mutual benefit associations, *(ii)* business organisations, *(iii)* service organisations, and *(iv)* commonweal organisations [10] Etzioni has

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7 Joseph A Litterer, *The Analysis of Organisations,* New York John Wiley, 1973, p 59

8 Talcott Parsons, *Structure and Process of Modern Societies,* New York Free Press, 1960 pp 45-46

9 Everett C Hughes, 'Memorandum on Going Organisations,' Quoted in Hall, *Op cit*, p 42

10 Peter M Blau and Richard Scott, *Modern Organisation.,* London Routledge & Kegan Paul, 1966, pp 42-58

used compliance as the basis for classifying the organisations.[11] Thompson and Tuden have based their classification on decision-making strategies.[12]

These classifications show a great amount of diversity. This further suggests that there is no single typology of the organisations. In the following paragraphs, a number of typologies will be discussed that have been constructed using important organisational variables. Each will tell something different about the organisations studied and, not infrequently, may superficially seem to contradict each other. These broad categories of typology are based on : *(i)* function or purpose, *(ii)* primary beneficiary, and *(iii)* compliance.

Based on Function or Purpose

Society has different types of functions, each of them having different characteristics and requiring different efforts on the part of the individuals performing these functions. In the organisational society, most of these functions are performed by social institutions, many of which take organisational forms. Thus many organisations with different purposes and functions exist. Four such basic functions have been identified which organisations fill for the society. These are : economic, political, integrative, and pattern maintenance.[13] Consequently, four types of organisations – based on functions – exist in the society :

1. *Economic Organisations* Economic organisations are primarily those which are concerned with 'adding value' as used by economists. Economic activities are those that help in earning livelihood. These can be classified as business and non-business activities. Business activities have three basic characteristics : profit-motive, risk-bearing, and creation of utilities Such business activities may be in the form of trading, commercial, industrial, and other direct services

2. *Political Organisations.* Political organisations are concerned with changing or adopting circumstances to attain valued goals. They are concerned with increasing the capacity of society or some part of it, to accomplish desired ends. Examples of such organisations are various government agencies – legislature, government departments, etc. Such organisations are to maintain peace and stability in the society. The basic problem of such organisations is to collect resources from various sources and spend them judiciously so that the functions assigned to them are performed efficiently. Though efficiency is also a concern of such organisations, it is not a criterion for measuring their success Rather, the attainment of basic values for which society exists is the measurement criterion.

3. *Integrative Organisations* Integrative organisations, such as, courts, police departments, social agencies, and so on, contribute to the efficiency

11 Amitai Etzioni, *A Comparative Analysis of Complex Organisations*, New York. Free Press, 1961.

12 James D Thompson and Arthur Tuden, 'Strategies, Structures, and Processes of Organisational Decision', in Thompson *et al (eds) Comparative Studies in Administration*, Pittsburgh, University of Pittsburgh Press, 1959, pp 195-216

13 Parsons, *Op cit*, pp 44-46

with which the society operates They are organisations for social control and maintenance, keep things operating in desired fashion, and keep out disturbing influences They are different from political organisations in the sense that the latter contribute to the effectiveness in the society, while the former contribute efficiency to the society

4. *Pattern Maintenance Organisations.* Pattern maintenance organisations, such as, educational institutions, theatrical groups, research institutions, clubs, churches and other religious institutions, etc , are concerned with the long-term issues of society's values, patterns and knowledge, culture, etc. Such organisations attempt at creating value systems, furthering knowledge, and making suitable patterns of life

Based on Primary Beneficiary

Blau and Scott have given an organisational typology not based on the output function, but to the primary recipient of the output [14] This typology recognises that many parties may benefit from an organisation's operations Each of them must receive something from the organisation or they will withdraw their support which will mean the end of the organisation. The benefit can be defined as a change – in some way or the other – in recipients. Thus when a beneficiary receives something from the organisation, he is being changed in some way. He may be changed either because of his direct relationship with the organisation or because of indirect relationship. Thus four types of organisations emerge · mutual benefit associations, business organisations, service organisations, and commonweal organisations

1. *Mutual Benefit Associations* Here the members are the primary beneficiaries. Examples of such organisations are political parties, trade unions, professional associations, religious sects, etc Though efficiency in all organisations is necessary, in mutual benefit associations, concern for efficiency is expected not to interfere with the membership ability to decide democratically specific objectives in the organisations The crucial issue facing this type of organisations is maintaining membership control, that is, internal democracy. This is difficult because of two reasons : membership apathy and oligarchical control.

Membership apathy is visualised in most of the mutual benefit organisations because members are willing to leave the running of organisations to an active minority. In the initial stage, there is high morale, excitement, and dedication on the part of the members As the time goes on, activities are no longer novel and interesting ; but become regular, monotonous, and demanding, hence, less participation by members. Barber suggests two reasons for membership apathy : *(i)* In the society, cultural values define mutual benefit associations as being less important than family and job obligations; and *(ii)* the existence of formal structures makes it possible for a minority to achieve control and for a majority of the members to participate little or not

14 Blau and Scott, *Op cit*, pp 42-58

at all.[15] Another reason members lose control in mutual benefit association is because power shifts from so many to a few in an effort to make it more effective. Thus the organisation becomes bureaucratised and substantial power shifts into the hands of few officials. Though this bureaucratisation may provide efficiency in the organisation, it may lose democratic character so far as internal functioning is concerned

2. *Business Organisations* Here the owners are the prime beneficiaries through the accomplishment of some immediate task. The owners are not primarily concerned with the nature of output that the organisation is giving, rather their main concern is the return of investment in the organisation. The dominant problem of business organisation is that of operating efficiency – the achievement of maximum gain at minimum cost in order to further survival and growth in competition with other organisations. Though efficiency is a crucial problem for all types of organisations, in business organisations, considerations of operating efficiency are expected to reign supreme within the limits externally imposed on them because of their risk-bearing considerations. This is so because owners organise such activities with profit motive and since they bear risk in organising such activities, profit becomes reward for such risk-bearing. However, in the long run, the profit does not remain the only concern for business organisation because there are many interest groups – employees, customers, government, society, etc. – having diversified interests related to the operation of such organisations. Since they contribute either directly or indirectly for the efficiency, they have claim over the outcome of the organisation Though such claims are limited, and owners are the main beneficiary, they have to take into account the interest of various groups related with the organisation.

3. *Service Organisations* A service organisation is one whose prime beneficiary is the part of the public in direct contact with the organisation with whom and on whom its members work. Examples of such organisations are hospitals, educational institutions, social work agencies, legal aid societies, etc. The characteristics of such organisations are that clients are the beneficiaries but they do not have control over them. They do not know what means will best serve their interest and they are vulnerable subject to exploitation and dependent on the integrity of professionals to whom they have come for help. As such, it is the obligation of those who control the organisations to see that proper means are chosen for organisational functioning. Their decisions should be governed not by their own self-interest but by their judgment of what will serve the clients' interest best. The professions are institutionalised to assure, in the ideal case, that professionals' self-interest suffers if they seek to promote it at the expense of optimum service to clients.[16]

Blau and Scott have identified two dangers which the professionals

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15 Barnard Barber, 'Participation and Mass Apathy in Association' in Alwin W. Gouldner (ed), *Studies in Leadership*, New York Harper, 1950, pp 486-487

16 Talcott Parsons, *Essays in Sociological Theory*, New York : Free Press, 1954, pp 34-39

in service organisations must steer[17] On the one hand, they must not lose sight of their clients, either through concern with their own status and career or through preoccupation with administrative problems On the other hand, the professionals must not become captive of their clientele and surrender to them the power to determine the nature of the service furnished. To err in the first direction is to become despotic or overly rigid; to err in the second is to become subservient

4 *Commonweal Organisations.* The basic characteristic of commonweal organisations is that public at large is their prime beneficiary, often, although not necessary, to the exclusion of the very people who are the object of the organisation's endeavour. Examples of such organisations are post office, military service, police service, fire department, other government agencies, etc Most of these organisations either perform protecting services for the community or serve as its administrative arm

At the base of the key problems with commonweal organisations is the remoteness and circuitousness of both the ownership, or ultimate control, and the receipt of benefits from the organisations The basic problem is that of external democratic control – the public must possess the means of controlling the ends served by commonweal organisations While external democratic control is essential, the internal structure of these organisations is expected to be bureaucratic, governed by efficiency criterion, and not democratic As such these organisations must maintain efficient bureaucratic mechanisms that effectively implement the objective of the community

Based on Compliance

The basis of beneficiary is an external dimension identifying the organisational typology, compliance as a base for organisational typology considers internal structure of the organisations Compliance involves one party telling or directing another party to do something[18] A basic internal problem in any organisation is members' compliance This suggests that because of organisational relationships among individuals, behaviours of individuals are subject to control by someone in the organisation It implies that individuals will perform different behaviours from those they might choose if they were not in the organisation Sometimes such relationships are known as power, at other times as authority. In actual practice, however, the behaviour of an individual is not affected merely by using power or authority by other person, but his involvement in the organisation also shapes his behaviour Thus actual behaviour is affected by two dimensions power and involvement

Etzioni has identified three types of power : coercive, utilitarian, and normative[19] Coercive power rests upon the application or the threat of application of physical sanctions , utilitarian power is based on control over material resources , and normative power rests on the allocation of symbolic

17. Blau and Scott, *Op cit*

18 Etzioni, *Complex Organisations*

19 *Ibid*, p 5

rewards. Besides power, another dimension in compliance is involvement. Degree of involvement suggests how strongly a person is interested in the organisation. Thus for any given organisation, a person can conceivably be strongly attracted, indifferent, or strongly repelled and thus be placed on the continuum of involvement. For the purpose of the analysis, this continuum can be broken into three parts : alienative involvement, calculative involvement, and moral involvement. In the alienative involvement, the individual would prefer not to be connected with the organisation. In calculative involvement, the individual may be attracted or mildly repelled by the organisation and therefore is in a position to consider other benefits from being associated with the organisation In moral involvement, the organisation is important to the individual and to be a member of it is very valuable to him

Thus three bases of power and three types of involvement taken together give nine types of compliance relationships as shown in Fig. 1 1.

		Kind of involvement		
		Alienative	Calculative	Moral
Basis of power :	Coercive	1	2	3
	Utilitarian	4	5	6
	Normative	7	8	9

Fig 1 1 — A Compliance Typology (Source · Etzioni, *Complex Organisations,* p 12)

While there are nine possible relationships, in practice, some are more workable than others. The most workable positions are 1, 5, 9 and the least workable positions are 3 and 7. This is so because in various organisations, some characteristics of power and involvement, which are opposite to each other, seldom exist. Those relationships along the diagonal (1, 5, 9) have been labelled 'contingent types' because the type of involvement and the effect of the type of power used tends to converge, mesh, or be the same [20] The other six positions represent non-congruent type of compliance. Real organisations seldom exist that use one of these, consequently they are far from effective in obtaining compliance. Basically there are two reasons for this : *First*, organisations are not always able to match their primary source of power with the type of involvement subordinate members have. *Second*, while organisations may have a dominant type of power, they usually have others also. They may mix their actions that get some control over subordinate members' behaviours, that is, organisations may attempt to shift the compliance structure from incongruent to the congruent one Thus congruent positions represent stable positions.

Significance of Organisations

Organisations are pervasive in modern organisational society. "We are born in organisations, educated by organisations, and most of us spend much

20 Etzioni, *Complex Organisations,* pp 12-13

of our lives working for organisations We spend much of our leisure time paying, playing, and praying in organisations. Most of us will die in an organisation, and when the time comes for burial, the largest organisation of all—the State – must grant official permission."[21] Thus modern society is essentially organisational in nature In fact, the existence of organisations is as old as civilisation Anthropologists have discovered evidence of organisations in the primitive society of earliest known humans ; however, such organisations were simple ones derived from the family units. Subsequently other forms of human groups also developed in answer to the demands of tribal living, religious teachings, and barter and commerce. Today organisations have become one of the crucial factors affecting the life of human beings. A basic question is Why organisations are important, how they affect human beings, and what purpose they serve ? The answer is simple that organisations meet any kinds of human need – social, emotional, spiritual, intellectual, and economic Argyris explains their importance by saying that organisations are usually formed to meet objectives that can best be met collectively.[22] Basically, organisations have grown in size because of three reasons · Limitations of individuals, social reasons, and material reasons

1 *Limitations of Individuals.* Human beings as individuals have many limitations In order to overcome the problems of these limitations, they organise together. Barnard defines the limitations of an individual as the things that keep him away from doing what he wants to do. Such limitations fall into one of two categories : they are established by either *(i)* the biological capacities of individual, or *(ii)* the physical factors of the environment that he faces [23] These limitations are directly related to each other and are applied in the context of specific goal of the activities. To illustrate the point, Barnard has given an example of a situation where an individual wants to move a stone The limitation can be stated in one of two ways stone too large for a man or man too small for stone. The first statement expresses the limitation in terms of physical environment, and the second, the limitation in terms of man

By organising, man increases his capabilities and overcomes his limitations. With organisations, man sees that the ultimate limitation for most of his objectives is not individual strength or intellect but his ability to work effectively with his fellows in organisations Thus Barnard explains the development of organisations as a device to overcome the limitations that restrict individual actions Once the idea of organisation emerges, individual biological factor is not a limitation, rather the basic limitation on the achievement of his objectives is determined by the effectiveness of his organisations Thus in today's modern society, the organisations become imperative.

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21 Etzioni, *Modern Organisations,* p 1

22 Chris Argyris, *Integrating Individual and Organisation,* New York John Wiley, 1964, p 35

23 Barnard, *Op cit*, pp 23-37

2. *Social Reasons* Human beings are, by nature, gregarious They always want relationship with others This is so because an individual is able to satisfy his socio-psychological needs in organisations which otherwise he cannot do This reason was primarily responsible for the emergence of earliest family systems. Though many organisations exist purely on economic reasons, they provide social satisfaction also to the individuals. For example, business organisations primarily attempt to achieve economic objectives. Individuals join them not only to earn livelihood but to get social satisfaction also This is evident from the fact that individuals weigh a number of factors, besides economic ones, while joining a business organisation. Thus human beings organise not only to overcome the limitations of their individual capacity, but also because they need and enjoy social satisfaction that organisations provide

3. *Material Reasons.* Hicks has identified three material reasons for organisations, and through organisations, a man can do three things that he cannot do alone · *(i)* he can enlarge his abilities ; *(ii)* he can compress the time required to accomplish an objective through an organisation ; and *(iii)* he can take advantage of the accumulated knowledge of previous generations[24]

Through the organisation, man increases his ability in two ways . *(i)* he can do many things that he could not be able to do alone, that is, overcoming his individual limitations , and *(ii)* he can specialise in a job in which he is most suitable. In fact this latter aspect provides more efficiency in the performance of the work leading to better utilisation of available resources. Often when men work together to accomplish a goal, they can divide the work and accomplish the goal with much less total effort than if one person worked alone for the goal. The advantages of specialisation were recognised earlier by economists (Adam Smith, *The Wealth of Nations,* 1776) However, in contemporary society, this specialisation has entered into every field of human groupings.

Another reason for organisation is its ability to compress the time required to reach an objective For many activities, reducing total elapsed time is more important than overall efficiency The elapsed time that an individual or small group would take to do the job might be too long to be accepted. For example, large number of fire-fighters may be required to save property to be damaged by fire Here the time is a significant factor in accomplishment of the objective as compared to costs This can be achieved only by organisations.

The third material reason for the organisations is that they allow man to take advantage of accumulated knowledge. Without organisations, it would be necessary for every man to learn everything by himself from the beginning which would be impossible for him. In fact, he takes advantage of what his predecessors have done However, this can be done only when such

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24 Herbert G Hicks, *The Management of Organisations,* New York McGraw Hill, 1967 pp 7-8

knowledge is preserved. Modern organisations – library, educational and research institutions – provide quick answer to overcome this problem One can say that modern advances on various fronts are possible only through organisations which have been able to communicate the knowledge of the past on the basis of which further advances have been founded

ORGANISATIONAL GOALS

Organisations, being deliberate and purposive creation, have some goals. The ends for which they strive are variously referred to as 'purpose', 'mission', 'goal', 'target', or 'objective' Though there is some difference in these terms but because differences are not clearly defined, these terms are used interchangeably in practice. This goal-oriented aspect of organisations indicates that organisations have goals, though some people assert that organisations do not have goals, rather individuals engaged in them have goals [25] There is another viewpoint in this regard. Parsons has pointed out that organisational goals are *intimately intertwined with important and basic societal functions, such* as integration, pattern maintenance, and so on From this point of view, organisational goals are really an extension of what the society needs for its own survival.[26] Thus if these views are integrated, the actual goals of the organisation result from a continuous bargaining-learning process and, therefore, organisations have multiple goals At the same time, the determination of a goal for collective action becomes a standard by which the collective action is judged This approach is similar to Simon's He notes that when we are interested in the internal structure of an organisation, the problem cannot be avoided. Either we must explain organisational behaviour in terms of the goals of individual members of the organisation, or we must postulate the existence of one or more organisational goals, over and above the goals of the individuals [27]

Official and Operating Goals

Another feature of organisational goal analysis is that there is often difference between official goals and actual operating goals Perrow states that official goals are the general purposes of the organisation as put forth in the charter, annual reports, public statements by key and other authoritative pronouncements. Operative goals, on the other hand, designate the ends sought through the actual operating policies of the organisation , they tell us what actually the organisation is trying to do, regardless of what the official goals are [28] He further points out that the type of goals most relevant to understanding organisational behaviour are not the official goals, but those that are embedded in major operating policies and daily decisions of the

25 Richard M Cyert and James G March, *A Behavioural Theory of the Firm,* Englewood Cliff, N J Prentice-Hall, 1965, p 26

26 Talcott Parsons, *Structure and Process in Modern Societies*

27 Herbert A Simon, 'On the Concept of Organisational Goal , *Administrative Science Quarterly,* June 1964, p 2

28 Charles Perrow, 'The Analysis of Goals in Complex Organisation, *American Sociological Review,* Dec 1961, p 855

personnel. These goals will be shaped by the particular problems or tasks an organisation must emphasise since these tasks determine the characteristics of those who will dominate the organisation [29]

The distinction between official and operating goals is grounded on reality. Two organisations, both having the official goal of profit-making, may differ drastically in the amount of emphasis they place on making profits Where profit-making is the announced goal, operating goals will specify whether quality or quantity is to be emphasised, whether profits are to be short-run and risky or long-run and stable, and will indicate the relative priority of diverse and somewhat conflicting ends of customer service, employee morale, competitive pricing, diversification, or liquidity Decisions on all these factors influence the nature of the organisation, and distinguish it from another with an identical official goal. From this perspective, operating goals become the standards by which the organisations' actions are judged and around which decisions are made. Sometimes operating goals can be evolved that are basically unrelated to the official goals Operating goals thus reflect the derivation of a set of goals from both official and unofficial sources. These operative goals are determined on the basis of organisational interaction and persist even after the interaction is completed Thus they reflect the desired state of affairs in the organisation as perceived by the decision makers and as effected by the external environmental forces It is the combination of official goals with internal and external factors that lead to an existing set of operating goals.

This way of operating goals are extended too far, there would be numerous such goals. Hence, distinction must be made between official goals and operating goals. Hall has made this distinction. He states that operating goals are the exact specifications, formally or informally stated, of what individual actors at all levels are to do in their daily activities Official goals, on the other hand, remain at the abstract level, serving as constraining or guiding principles from which policies and procedures are derived. Operating goals are abstractions in the same way as official goals They are a set of ideas about where the organisation should be going, which are operationalised into specific plans and procedures.[30] From this analysis, following conclusions about organisational goals emerge :

1. Each organisation or group of individuals has some goals. In fact organisations or groups are created for certain goals and members try to achieve these goals through their coordinated efforts.

2. Goals may be broad or they may be specifically mentioned. They may pertain to a wide or narrow part of organisation, and may be either long or short range. For example, the goals of a business organisation may be said to earn profit. This is too broad a goal which can be spelled further into operating goals.

3 Goals have hierarchy. The process of assigning a part of a major mission to a particular department and then further subdividing the

29 *Ibid*, p 854

30 Hall, *Op cit*, p 85

assignment among sections and individuals creates a hierarchy of goals. The goals of each sub-unit contribute to the goals of the larger unit of which it is a part Granger observes that "there are objectives within objectives, within objectives They all require painstaking definition and close analysis if they are to be useful separately and profitable as a whole."[31] Hierarchy of goals emerges because of translation of general goals into operating goals through the process of assigning of activities to the lowest level For example, in a business organisation, the overall goal may be to earn profit. This is translated into operating goals by means of dividing total activities of the organisation into many, such as production, marketing, finance, etc,. Each of these may further be divided into sub-activities, such as marketing into sales, advertising, market research, and so on Each of them will have their own goals framed within the goals of its higher unit This way, every one in the organisation is assigned a goal In this process, there is a basic problem of goal distortions in the organisation against which management should provide adequate safeguard

Determination of Organisational Goals

Before initiating any action, the goals must be established as they provide direction for such actions A contingency approach recognises, however, that in some situations, "it is difficult or impossible to set goals. In fact many managers realise that some of their most important planning takes place without even explicitly considering specific goals "[32] Such situations require directional goal-setting. Directional goal-setting identifies preferred style of acting for the organisation or individual The emphasis switches from carefully formulating the goal to be accomplished to consideration of the agent's thrust This approach is more flexible than traditional goal-setting McCaskey describes three situations in which the setting of specific goals is inappropriate *(i)* in the formative period of an organisation's development, when it is too early to set goals , *(ii)* When the environment in which the organisation operates is unstable and uncertain, owing to social, economic, technological, legal, or other changes , and *(iii)* When members cannot build enough trust or agreement to decide upon a common goal [33]

Specific goal-setting is most appropriate in the conditions marked by following characteristics *(i)* When administrators want to narrow the focus and efforts of members ; *(ii)* When the environment is relatively stable and certain ; *(iii)* When there are severe time or resource limitations , and *(iv)* When organisational .members require more defined conditions, as a result of a low tolerance for ambiguity and uncertainty Although both their approaches are not mutually exclusive, they do offer an attempt to bring goal-

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31 Charles I Granger The Hierarchy of Objectives,' *Harvard Business Review*, May-June 1964, p 63

32 Michael B McCaskey, 'A Contingency Approach to Planning Planning with Goals and Planning without Goals, *Academy of Management Journal*, June 1974, pp 281-291

33 *Ibid*, p 287

setting into line with the technological, human. and environmental conditions unique to each organisation.

Responsibility of Goal-setting

Virtually all organisations have a formal, explicitly recognised, legally specified organ for setting the initial goals and their amendments. Generally top management determines the overall objectives which the members of an organisation unite to achieve. In some organisations, goals are set by the vote of the shareholders , in others, by a vote of the members ; in still others, by a small number of trustees , and in a few, by an individual who owns and runs the organisation. In big organisations, such bodies as board of directors, governing board, or executive committee authenticate and disseminate the choices as to basic goals. Any of these persons or groups may change a goal or propose a new goal They also approve or disapprove subordinate goals developed at lower levels in support of major goals.

The process of setting organisational goals should begin ideally at the top level of the organisation in order to set the basic direction for the entire organisation. Top-level managers should gather sufficient inputs from within and without the organisation to make intelligent decisions about the organisational goals. Lower -level managers, who are familiar with the conditions surrounding the process of goal achievement, may provide valuable inputs for goal-setting. Therefore, it may be a sound management practice to involve these people in goal-setting process When top-level managers set overall goals, managers at lower levels set goals for their departments within the context of these goals.

Determinants of Organisational Goals

In practice, often organisational goals are set in a complicated power play involving various individuals and groups, and reference to values of the relevant individuals and groups in a particular society There are many factors that enter into the struggle to determine goals and, thus, goals are the result of a continual bargaining-learning-adaptive process in which not only internal factors but external environmental factors also play important role The various important internal organisational factors are management philosophy, power structure among organisational members, organisational resources and capability. Various external factors relevant for organisational goal-setting are social needs, technology practices by others In fact, environmental variables become one of the most important determinants of organisational goals.

Environmental Determinants of Organisational Goals

One of the key elements in determining organisational goals is the environment with which the organisation interacts. The organisation as input-output system receives inputs from the environment, transforms these inputs, and returns the outputs to the environment. The organisation. therefore, depends upon the environment for its survival A necessary condition for this phenomenon is the environmental control over the organisation. For example, the environment may determine what the organ-

isation must produce so that it is able to sell the outputs for continuing in the business. Thus environment affects the way in which the organisation must operate including the goal-setting In this process of interaction, the organisation must adopt suitable strategies for coming to terms with the environment. This strategy may be in the form of competition or co-operation. Based on this, Thompson and McEwen have suggested four alternative strategies for dealing with the environment : *(i)* competition, *(ii)* bargaining, *(iii)* co-optation, and *(iv)* coalition[34] Out of these the last three strategies relate to varying amount and form of co-operation. All of these allow outsiders to intervene and limit organisational decisions regarding goals, but the entry of outsiders is different in different strategies This can be brought out by the discussion of the strategies

1 *Competition* The term competition implies an element of rivalry This rivalry may be in the form of various organisations competing for the same resources or for same type of clintele For example, various political parties may compete for the same vote ; business organisations may compete for the same customers , or the universities may compete for the same qualified students The question is who will succeed ? The answer is very simple : that organisation which offers maximum attraction to the people for which it is competing The organisation can do this by adapting actions and goals suitable for these people Thus outsiders are involved in organisational goal-setting

The competition in heterogeneous society is quite complex. The society judges the organisation not only by the outputs which it receives from the organisation but also in terms of the desirability of applying resources for the purpose Even the monopolistic organisations have to compete for the society's support, unless the society provides such support by approving the action of the organisations, they cannot survive Competition is, thus, a complicated network of relationships It tends to prevent unilateral or arbitrary choice of organisational goals, or to correct the choice if it is made

2 *Bargaining* The term bargaining refers to the negotiation of an agreement between two or more parties for the exchange of goods or services It implies flexible rather than rigid position There is enough scope for a compromise or a mutual give and take before reaching any final agreement or settlemen In organisational context, this process may take place between an organisation and several elements in the environment, for example, suppliers, creditors, trade unions, and so on The basic requirement of this process is the fixation of negotiated actions or goals For example, what an organisation can do over certain matter related with work-force is not determined by the organisation alone but through the collective bargaining between the organisation and the trade union concerned

Bargaining affects the goal-setting rather implicitly It may focus on resources and to the extent it sets the limits on the resources available or the

[34] James D Thompson and William J McEwen, 'Organisational Goals and Environment, in Amitai Etzion (ed) *A Sociological Reader in Complex Organisations*, New York Holt, Rinehart and Winston 1969, pp 187 196

ways they may be employed, it affects the goal-setting. Thus, like competition, bargaining also places certain limitations on organisational choice of goals However, unlike competition, bargaining involves direct interaction with other organisations in the environment rather than with a third party The outcome of bargaining process will be determined by the relative strength of the parties concerned.

3. *Co-operation.* Co-operation is a process of absorbing new elements into the policy-making structure of an organisation as a means of averting threats or maintaining its stability in the changed circumstances For this reason, business organisations appoint outside directors, employee directors, or directors representing various interest groups. Through this process, the organisations have to modify their goals.

Co-optation is more than an expediency. By giving a potential supporter a position of power and responsibility, the organisation gains his awareness and understanding of the problems it faces Moreover, by providing overlapping memberships, co-optation is an important device for various organisations related in complex way to find out mutually agreed goals However, through this process, the choice for organisational goals remains limited as agreed goals are not the result of unilateral choice of an organisation

4. *Coalition* Coalition refers to combination of two or more individuals, groups, or organisations for a common goal. Thus coalition is the goal-oriented alliance among individuals, groups, or organisations with different interests that is formed to mobilise joint resources so as to influence the outcome of a contest. The goal of a coalition is to increase its power *vis-a-vis* other groups. Coalition concept is very common in political parties where two or more political groups or parties combine to fight against the third. Business organisations may behave in the same manner March proposes a theory of the business firm as a political coalition taking essentially the same approach [35] The organisation is viewed as consisting of a number of groups such as owners, managers, suppliers, employees, governmental agents, etc The result of complex bargaining process determines, to a great extent, the objectives pursued by the firm.

A basic question emerges as what is the process of coalition formation In fact, there is the basic objective of increasing power through coalition formation and all the factors revolve round it Schachter has identified several factors that must be considered in analysing the logic behind coalition formation These factors include minimum size or resource principle, cohesion, ideology, and stability and change [36]

(i) Minimum Size or Resource Principle Coalition formation is best viewed as a pragmatic-relational process where the goal is to maximise the group's power relative to resource output Since the resources, and thus the

35 James G March, The Business Firm as a Political Coalition *Journal of Politics*, No 24 (1962), pp 662-678

36 H L Schachter 'Educational Institutions and Political Coalition', *Comparative Educational Review* No 16 (1972) p 462-473

power, each individual or group possesses are constant in the short run, the coalition that will form is the one with the smallest possible resource pool necessary to ensure a winning outcome. The basic assumption in this case is that each group will share the outcome of victory in the proportion of its resource inputs Thus by keeping the total resource input minimum, members of the winning group ensure themselves a greater proportion of the resulting payoff.

(ii) Cohesion Cohesion is closely related with the size principle of coalition formation. According to the size principle, attempt is made towards the smallest possible winning combination However, when the size of combination increases to be large enough to ensure victory, heterogeneity increases with a resulting increase in inter-group cohesiveness. Thus a balance is maintained by choosing the appropriate size so that cohesiveness can be maintained but at the same time ensuring the realisation of coalition objectives.

(iii) Ideology Ideology can take a variety of forms, some of the more important being socio-economic alliances, sectional or regional groupings, and ethnic associations In the inter-organisational as well as the intraorganisational context, alliances may develop for socio-economic reasons Similarly, regional alliances can be observed within organisations. Ethnic groupings may be national, racial, linguistic, and so on in character

(iv) Stability and Change. Coalitions are dynamic phenomena ; some are temporary and constantly changing As such they may be formed to respond to the demands of the moment At other times, coalitions may be standing and make decisions on issues with only infrequent review of their actions.

Coalition has its application in goal formation process An organisation can be viewed as a political body with emphasis on power and bargaining processes. Thus politics is not unique to political bodies but an integral part of all organisational process Jay makes the point effectively by stating that "a corporation is not something different from a State with some interesting similarities ; it is a State with a few unimportant differences."[37] An organisation is a series of coalitions of interest groups such as owners, fellow decision-makers, employees, etc These groups politically interact through a bargaining process with the result being a compromised goal or set of goals, rather than a single maximising goal that responds completely to the interest of a single group

Cyert and March[38] and Simon[39] have emphasised the coalition view of the goal formation In this formation, the decision-maker is visualised as the administrative rather than the economic man who satisfies instead of maximising goal accomplishment Empirical investigations also confirm that decision-

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37 Anthony Jay, *Management and Machiavelli*, New York Holt, Rinehart & Winston 1967, p 3

38 Cyert and March, *Op cit*

39 Herbert A Simon, *Administrative Behaviour*, New York Free Press, 1966

makers are influenced by a variety of interest groups The extent to which the various values are considered in the decision process depends on the power possessed by each group. However, coalition does not explain fully the goal-setting in an organisation as there are many other variables which play their part in this process as discussed earlier.

Goal Succession

Organisational interaction with environment may result in the limitation on goal-choice. This may reflect the goal-choice at the initial stage or modification of existing goals. This may also result into goal succession. Goal succession means adoption of new goals This may happen in three specific conditions :

1. If the existing goals have been achieved and the organisation is left with no alternative, it must adopt new goals for its continuous existence

2. In the context of changed environmental or internal circumstances, it is not desirable to pursue the existing goals, then, the organisation will have to evolve new goals.

3. If the existing organisational goals are such that they cannot be achieved, the organisation has to adopt, modify, or alter the goals.

The goal succession may take the character of goal multiplication, expansion, or substitution of existing goals depending upon the situations. The organisation may follow the new goals in addition to existing goals, or may add the new goals in place of the old goals.

In all such cases, it may be noted that the organisation has to adjust with its environment. It is necessary for the organisational survival and growth. The goal succession phenomenon is quite common with most of the organisations. Many famous organisations having worldwide network had faced the situation of goal succession. For example, the Red Cross was established primarily for helping those who suffered from war or any other casualty. After World War I, this goal was not meaningful and the Red Cross has now adopted the goal of preserving and improving public health. This is a new goal in addition to the old one. YMCA has transformed itself from religious and spiritual exercises to recreational and physical exercises because of the changed social environment. Recently, the chairman of I.T.C. Limited has declared that after 10 years, the company will not produce any single cigarette What a phenomenal change in the company's goals is! The pioneer in the field of cigarette, the company is entering in the field which was quite unknown for it some years back. Thus goal succession is quite usual characteristic of most of the organisations.

The succession of goals is deliberate, intentional, and warranted by the circumstances It suggests that it must meet both external and internal demands The goals which are now adopted should be socially approved and must match with the environment in terms of taking inputs, processing inputs, and giving outputs At every level, the environment is involved. Similarly, goal succession must meet internal requirements also All the factors involved in

goal formation must be satisfied. It means the organisation cannot adopt a goal which cannot be fulfilled by its existing personnel or structure unless there is a drastic change in these aspects too.

Goal Displacement

Since the operating goals of the organisation reflect what the decision-makers believe to be the critical areas and issues for the organisation, it follows that the operating goals will shift as internal and external conditions impinge upon the organisation These conditions can deflect the organisation from pursuit of its goals Etzioni has called this phenomenon as 'goal displacement'[40] In this case, the official goals may remain the same but the organisation pursues the goals different from the stated ones. Thus in goal displacement, the organisation *(i)* substitutes its official goals for some other goals; *(ii)* pursues a goal for which it was not established ; *(iii)* pursues a goal for which resources were not allocated to it ; and *(iv)* seeks a goal which it is not known to serve

Factors in Goal Displacement

There are many factors and forms of goal displacement because the organisation may change its goal unofficially, both consciously and deliberately or unconsciously The major factors are reversing means and ends, shifting priority, and over-measurement.

1. *Reversing Means and Ends* Reversing means and ends relationship is the most common fo of goal displacement. In this case, the organisation functions in such a way that means themselves become ends Thus organisational resources are applied to achieve means though for this purpose, the organisation was not created Such goal displacement may be because of two reasons. *First*, there may be control group in the organisation which may utilise resources for its own benefits and not for officially stated goals of the organisation The control of the organisation is generally passed in a few elite hands irrespective of the type and functions of the organisation. These people then operate the organisation according to their perception of the organisational goals or their own goals. Such goal displacement occurs in many educational institutions where the funds are collected for running the institutions However, in the long run because of the control and interest of a few in an institution, the fund raising may become the end for it *Second*, the internal functioning of the organisation may also result into reversing means-ends relationship This type of reversing is quite common in bureaucratic organisations where rules are followed so rigidly that they themselves become ends though they are means for carrying organisational activities

2 *Priority Shifting* There is another factor in goal displacement, that is, organisation shifts its priority in pursuing its stated goals, either because of changes in external environment affecting the functioning of the organisation, or because of internal pressure Robert Scott has given a good example

40 Etzioni, *Modern Organisations*, p 10

of this type of displacement in his analysis of 'sheltered workshop for the blind'.[41] In order to provide social service to blinds, sheltered workshops were developed Owing to a series of events, the workshops began to define themselves as factories in competition with non-blind producers of goods. The emphasis shifted from helping blinds to employing competent non-blind workers. The internal decision-making process led to the development of clearly different goals from those professed at the outset. This type of goal displacement takes place in organisations catering essential services Selznick observes that "running an organisation, as a specialised and essential activity, generates problems which have no necessary (and often opposed) relationship to the professed or original goals of the organisation The day-to-day behaviour of the group becomes centred around specific problems and approximate goals which have primarily an internal relevance Then, since these activities come to consume an increasing proportion of time and thought of participants, they are – from the point of view of actual behaviour – substituted for the professed goals."[42] For example in Government organisations people may engage in discussing about promotion politics without caring for organisational goals. Such engagement may take their considerable time

3. *Over-measurement.* Another type of goal displacement is what Etzioni has called 'over-measurement' or Gross has called 'number magic '[43] Both refer to the tendency for organisations of all types to organise their goals around activities that are easily quantified. Organisations emphasise those activities that are easily quantified, thus undermining the basic objectives This happens particularly when it is impossible or impractical to quantify the more central and substantive output of an organisation, and when at the same time some exterior aspects of the product, which are superficially related to its substance, are readily measurable. For example, easy quantification leads to counting publications of university faculty rather than evaluating class-room performance, looking at output per worker rather than diligence, co-operation, punctuality, loyalty, and responsibility. This may actually defeat the purpose for which organisation was designed The internal sources of goal change are a basic part of the determination of the operating goals In the extreme cases, the changes are dysfunctional in terms of the official and original operative goals; but process inherent in these changes is a normal part of the goal-setting process

The various forms of goal displacement are quite detrimental to organisations as they have to carry on those activities which they are not supposed to take. To that extent, their effectiveness is adversely affected

41 Robert A. Scott, 'The Factory as a Social Service Organisation Goal Displacement in Workshops for the Blind', *Social Problems,* Fall, 1967, pp 160-175

42 Philip Selznick, An Approach to a Theory of Bureaucracy', *American Sociological Review,* 1934, Quoted in Etzioni, *Modern Organisations,* p 12

43 Etzioni, *Modern Organisations* and Bertram M Gross, *Organisations and Their Managing,* New York Free Press, 1968, p 293

Goal Distortions

Goal distortion is the misunderstanding or misapplication of organisational goals This way it may also be a type of goal displacement, an extreme form of goal displacement In an organisation, there may be several reasons for goal distortion, particularly when the general goals are transformed into operating goals. As discussed earlier, the goals have hierarchy; each sub-unit goal contributes to higher unit goals This means that each lower unit shares the goals of higher unit. However, in practice, sometimes, this may not be the situation because of goal distortion There are some major factors in goal distortion, such as, overemphasis on certain aspects of goals, blockade in communication, sub-unit goal internalisation, and remote view of overall goals at lower levels

1. *Over-emphasis on Certain Aspects of Goals.* The goal distortion takes place because of over emphasis of certain aspect of goals which may not be directly important for the organisation This happens specially when the sub-unit or individual does not find the measurement of its efforts quantitatively or precisely. As discussed above, goal displacement takes place because of over-measurement This is a reason for goal distortion as whole of the attention is attracted to a certain aspect and not to the real goals of the organisation. For example, the training and development department of an organisation may measure its success on the basis of its number of programmes but not on the basis of quality of programmes. The goal may be to train the members for effectiveness For this, training programmes may be necessary but they should also add to managerial effectiveness Another example may be spending of money by Government offices. These offices are allocated certain budgets which they must spend within a certain time Thus their success is measured in terms of amount spent and not in terms of their achievement out of such spending

2. *Blockade in Communication* Translation of general goals into operating goals is better when it is done by both higher and lower-level units. The basic assumption behind this is that both these units have understanding about the goals or sub-goals to be followed so that each lower-unit goals contribute to the realisation of higher-unit goals. However, it is not always possible because of communication blockade or misunderstanding of communication Though major reasons for such communication breakdown may be traced later, here it is sufficient to say that communication is adversely affected by several factors The most important among them are · lack of awareness of actual needs of particular units, lack in transmitting the messages, colouring of information, misunderstanding of communication, and so on.

3 *Sub-unit Goal Internalisation* In the organisation, every unit or sub-unit internalises its goals This is provided through the basic mechanism of organisation structure itself Units and sub-units are created by dividing and allocating them activities which are supposed to be necessary for the achievement of organisational goals. However, in the long run, the basic goals of the organisation become subsidiary to these units and sub-units They emphasise their own goals which may not necessarily coincide with the organisation

4. *Remote View of Overall Goals at Lower Levels.* Most units of the organisations, particularly those at lower levels, are not able to take the overall view of organisational goals. This may happen because of two factors : *First*, there may be internalisation of sub-goals as discussed above. *Second*, there may be distance between the goal-setting units and goal-operating units This distance blocks the understanding of real organisational goals. In the organisation, means-ends relationship, which suggests that the ends of each lower unit are means for higher unit, is distorted if it is extended to a large extent. This relationship is carried out by a number of people each aware of the limited aspect of total organisational goals only. For example, production manager is responsible for organising his department into units, sub-units He himself may be too occupied with his departmental goals without emphasising overall goal and in organising process, his goals will be extended. Thus at lower levels, various units may follow many distorted goals.

Organisational and Individual Goals

Goals may be considered from three perspectives : *(i)* environmental level, *(ii)* organisational level, and *(iii)* individual level. These three level goals interact and influence each other. While the interaction between environment and organisation has been identified, this section deals with interaction between organisational and individual goals. The relationship between organisational and individual goals can be presented as follows :

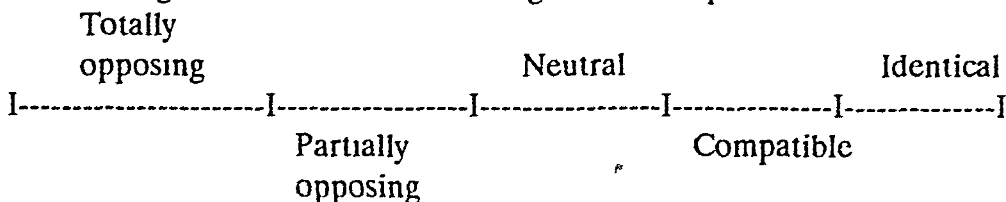


Fig 1.2 – Relationship between organisational and individual goals

The interaction between organisational and individual goals may take a variety of forms ranging from totally opposing to completely identical as shown in Fig. 1.2 In between these two extremes, there may be three other positions, though hypothetically there can be many positions on this continuum. The relationship between organisational and individual goals can be identified by exploring what individuals want from the organisation and what the organisations want from the individuals.

Individual Needs and Goals

When an individual enters the organisation, he brings with him a highly complex system of needs and attitudes. Many theorists, particularly psychologists, feel that the basic properties of most organisations do not match with the requirements of individuals The phenomenon is known as personality view of individual-organisation relationship. Mayo for the first time recognised that formal organisation properties did not satisfy individual needs and they formed informal groups.[44] It may be noted that there are other factors for forming informal groups , however, dissatisfaction from the formal

44 Elton Mayo, *The Social Problems of Industrial Civilisation*, Boston Harvard University Press, 1945

organisation is one of the most important. Similarly, McGregor has noted that people behave according to the assumptions of Theory Y but organisations are designed according to the assumptions of Theory X.[45] Thus there is inherent conflict between organisation and the individuals.

The most important view concerning individual-organisation relation, however, comes from Argyris. His maturity-immaturity theory says that human beings want to move from the level of immaturity to the level of maturity.[46] In this process, there are several changes in human behaviour. They move from passivity to activity, dependence to independence, capable in behaving in a few ways to behaving in many ways, shallow interest to deep interest, short-term perspective to long-term perspective, subordinate position to superordinate position, and from lack of self-awareness to self-awareness and control. (The details of these are presented in chapter on Motivation) Conflict is generated when an individual is placed in an organisation with formal structure. This happens because of lack of congruency between the desire of a healthy personality and the demands of the formal organisation.

Organisational Requirements

Not only the individual has his desires to fulfil by joining an organisation, the organisation, in turn, also expects certain things from the individual. Personality theorists suggest that organisational properties require rational behaviour from the individual. These also expect that individual will follow organisational control and work according to organisational design. Thus conflicts between individual and organisation generate because of the following reasons.

1 The organisation expects rational behaviour from its members. By rational behaviour, the member will be able to contribute to the organisational goals. However, this rationality is not based on the real assumption of human nature Thus the individual will behave not according to organisational way.

2 The organisation is based on task specialisation to increase individual efficiency. However, the specialisation becomes too monotonous for the individual and resists his personality development.

3 The organisation emphasises chain of command for individual relationship This puts individual in superior-subordinate relationship and put direct control on him This factor is more appropriate for immature personality

4 The organisation emphasises unity of direction which suggests that homogeneous activities should be planned and controlled by a single person Since the goal-setting and goal-operation is at distant places, the work becomes meaningless to the person

The various requirements of the organisation put constraints on the individual because he sees his goals quite differently. This inevitability of

45 Douglas M McGregor, *The Human Side of Enterprise*, New York McGraw Hill, 1967
46 Chris Argyris, *Personality and Organisation*, New York Harper, 1957

incongruency causes apathy, alienation, tension, frustration, etc. In order to overcome these problems, the psychologists have suggested behavioural approach of managing organisations, which gives highly human-oriented organisation structure, leadership, communication, and control.

However, this is not the total view of organisation-individual relationship. There are certain organisation proponents, the most important among them being Strauss,[47] who suggests that it is not the organisational properties which generate conflicts. The organisation generally does not have high demand from the individual but expects only reasonable performance. Since the organisation has to bear the cost for employing the individual, this expectation is but logical. Thus the source of conflicts may not be within the organisation. Dubin advances a middle path view by suggesting that neither individual personality nor organisational property is responsible for the conflicts but the cause of conflict lies in their mutual adaptation.[48] Since an individual participates in a large number of organisations simultaneously, he cannot deeply involve in all the organisations at the same time. Thus lack of involvement with some organisations may be the real cause of conflicts between organisation and individual.

The opposite views about individual-organisation relationship leave certain questions which are important : Are the properties of formal organisation such that the incongruency between individual objectives and organisational objectives is inevitable ? Is it necessary to obtain a congruency between individual and organisational objectives ? Both these questions are interrelated If the properties of formal organisations are such that incongruency is inevitable, special efforts are required to achieve congruency. As suggested in the beginning of this section, there may be many possibilities of relationship between individual and organisational goals. It suggests that all organisations may not have same properties This question can be taken for greater analysis in the next chapter where it will be shown how organisational properties under various theories differ. Thus this assumption is not very valid about all organisations that their properties are such that individual and organisational conflict is inevevitable The second question is answered itself, that is, if organisational properties are designed according to individual needs, no special efforts are required for goal congruence In actual practice, no organisation and individual has completely opposite or completely identical goals Thus, it can be said that some integration is always there between individual and organisational goals Based on this, two models suggest the process through which two sets of goals are integrated. One is fusion process and other is inducement contribution process

Fusion Process

Fusion process is based on the assumption that there are certain organisational characteristics and individual characteristics which interact.

47 G Strauss, "Some Notes on Power Equalisation", in R Dubin, (ed) *Human Relations in Administration*, New Delhi Prentice-Hall of India, 1970

48 Dubin, *Op cit*

Out of this interaction, two processes – socialising and personalising – operate simultaneously. The socialising process is that by which individuals are made into agents of the organisation and/or the informal group. The process by which the individual is made into an agent of the formal organisation is called the formal socialising process : that by which he is made into an agent of the informal group is called informal socialising process. The personalising process is defined as that by which the individual actualises himself and by which aspects of the organisation and informal group are made into agencies for the individual. Both these processes occur simultaneously and are important. However, if both are not congruent and compatible, there may be two situations : *First*, if the organisational goals are being achieved without contributing much towards the achievement of individual goals, socialising process is occurring much strongly. *Second*, if the individuals gain satisfaction from the work without giving much to the organisation, personalising process is operating much strongly. When both socialising and personalising processes are occurring simultaneously, the fusion process is really occurring as shown in Fig. 1 3

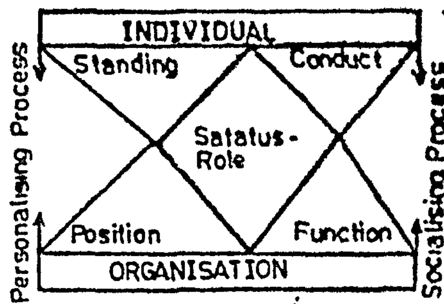


Fig 1 3 -The fusion process

Source : E W Bakke, *The Fusion Process*, New Haven . Yale University, 1953, p 20

The fusion is composed of individuals, formal organisation, and informal groups engaged in their activities interacting to achieve a balance or equilibrium, which has been called fusion by Bakke and Argyris.[49] This fusion develops for the individual a role which constitutes a fusion of his formal and informal functions and conduct. A role consists of several sets of behaviour and activities. The following statement summarises the results of the fusion process .[50]

1 The fusion of formal tasks, informal tasks, and acts = Activities.
2 The fusion of formal function, informal function, and conduct = Role.
3 The fusion of formal position, informal position, and standing = Status.

Bakke believes that the organisational aim of the fusion process is to 'establish and maintain for the organisation and internal and external integration which will at least leave its capacity to perform its function

49 E Wight Bakke and Chris Argyris, *Organisation Structure and Dynamics*, New Haven Yale University, 1954

50 John M Pfiffner and Frank P Sherwood, *Administrative Organisation*, New Delhi Prentice-Hall of India, 1964, p 377

unimpaired, and at best will improve that capacity. Operation of this process indicates that the organisation to some degree remakes the individual and the individual to some degree remakes the organisation. Thus it maintains the integrity of the organisation in the face of divergent interests of individuals, groups, other organisations, and the organisation itself, which each hopes to realise through its contact with the other. The higher the fusion score, better is the result both for the individuals and for the organisations.

Inducement-contribution Process

Another process through which individual and organisational goals are integrated is inducement-contribution process developed by March and Simon.[51] They have concentrated on those intellectual processes which tend to lie at the heart of large-scale organisations. The basic featurès of this process are as follows :

1. Each member of the organisation gets inducements for the contributions which he makes to the organisation

2. Each member will continue to give his contributions so long as the inducements are more or equal to contributions. It is based on the assumption that the member can value both contributions and inducements.

3. The contributions from various members are the source through which the organisation produces the inducements for the members.

4. The organisation will continue to give inducements or receive contributions so long as contributions are sufficient to give inducements.

The fusion and inducement-contribution models speak of the process through which individual and organisational goals will be integrated Both emphasise that higher level of balance between the two will bring higher satisfaction to organisational members, and consequently better organisational results How integration effects organisational effectiveness is discussed in detail in Chapter 23, Organisational Effectiveness

Issues in Organisational Studies

Since a society depends upon what organisations offer, it needs a system of relationships among functions ; it needs stability, and predictability in its internal activities and external contacts It needs harmonious relationships among people and processes which make it up. Thus an organisational society has to be free, relatively, from destructive tendencies which may be caused by divergent interests Thus the basic problem of every society is 'to maintain equilibrium for its betterment, and this equilibrium can better be maintained by understanding the organisations which are central core of the contemporary society Thus the working of the organisations in an effective and efficient manner is the basic problem before every organisational analyst To attain organisational efficiency and effectiveness, management must understand problems involving the following elements . people,-structure, and change.

People

Social organisations are made up of people The problems involving

51 March and Simon, *Op cit*

people are represented by two decisions that each organisational member himself must reach. *First*, he must decide whether to participate in the organisation or leave it. *Second*, he must decide at what rate he will produce These two decisions, though related, are quite different if they are in time-context Decision to participate is a long-term decision while decision to produce at a rate is a short-term. However, in both cases, the basic problem before the management is to understand the human behaviour so that they are motivated in better way to participate and to contribute at the optimum efficiency Modern organisations are perpetually plagued with the problem of influencing human behaviour for attaining certain specific goals This human behaviour is so comprehensive and inclusive that maximum efforts have been made to find out the answer of this question : what is the way of human behaviour and how it can be moulded to the achievement of organisational goals ?

Structure

The second important issue before the organisational analysts is the organisation structure Organisations do not merely constitute people selected at random, but the people are interrelated Prescription of these interrelationships takes the form of organisation structure which has several facts *First*, for creating the structure, organisational activities must be divided into tasks and sub-tasks *Second*, these divided activities must be interconnected through communication process. Third, a system of authority and influence must be established to define the locus of organisational decision-making points. *Finally*, a control mechanism must be provided so that parts and sub-parts of the organisation coordinate and contribute to the organisational goals However, an organisation structure should also ensure that it suits the organisational participants From this point of view, this issue becomes much more complex

Change

Organisation structure is a dynamic rather than static variable, and must satisfy the internal and external factors These factors themselves are quite dynamic and may change over a period of time. Thus how an adjustment can be made between external demand and internal functioning of the organisation is a major concern of organisational analysts Change and consequently the organisational adjustment creates two types of problems legitimacy and viability Legitimacy is established when the society finds that an organisation's output fills a social need. However, social expectations may change from time to time and any organisation not changing itself to the changed social expectations will be thrown out by the society Viability relates to the organisational capacity to obtain social resources for production and consequently its existence The society will not provide resources to any organisation for a long period if its contribution to the society is less than the resources Thus, how organisations will maintain their viability is a major problem

DISCUSSION QUESTIONS

1 Define organisation and bring out its various elements

2 Discuss some important typologies of organisations How are organisations classified on the basis of prime beneficiary ? Point out the problems which these organisations have to face

3 Discuss the various organisational relationships identified by Etzioni

4 Explain the process of translation of general goals into operational goals in an organisation and briefly point out why distortions occur in the hierarchy of goals

5. Distinguish between goal succession and goal displacement

6 Explain how goals are the result of a continual bargaining-learning-adaptive process

7. "Organisations are coalitions of individuals and groups " Comment Does the coalition concept adequately explain goal determination in organisations ? Give reasons

8 Identify the significance of organisations in modern society

9 "Bring together the evidence regarding the impact of the formal organisation principles on the individual, it may be concluded that there are some basic incongruencies between the growth trend of a healthy personality and the requirements of the formal organisation " Comment on this statement Do you agree with this ?

10 Do you agree with the view that the incongruency between individual needs and organisational goals necessarily leads to frustration and conflict in the organisation ? Give reasons for your answer

11 Is it necessary to obtain a congruency of individual interests and organisational interests ? Give arguments in support of your answer.

12 "Most behaviour in organisations is intendedly rational behaviour By intended rationality is meant the kind of adjustment of behaviour to goals of which humans are capable — a very incomplete and imperfect adjustment, but one which nevertheless does accomplish purpose and does carry out programmes " Do you agree ? Give reasons for your answer keeping in view the nature of conflicts in a manufacturing organisation

13 Write short notes on fusion process and inducement contribution process

14 Point out important contemporary issues which are attracting the attention of organisational analysts

2

Nature of Organisational Behaviour

Chapter Theme

To understand the nature of organisational behaviour

To understand the role of organisational behaviour for managers.

To evaluate the relative importance of theory and experience

Modern society is essentially organisational in nature, with large and complex organisations increasingly dominating every sphere of human activity. The importance of organisations has attracted the attention of a wide assortment of intellectuals leading to the emergence of an important and distinctive field of organisational study and research referred to variously as 'Organisational Behaviour', 'Behavioural Science', or 'Organisation Theory'. Though they differ in their approaches, they have common orientation, that is, organisation as social entity.

Concept of Organisational Behaviour

Organisational behaviour is not a discipline in the usual sense of the term, but is rather an eclectic field of study involving the integration of the behavioural sciences (*e g* , psychology, sociology, anthropology, etc.) into the study of people's behaviour within organisations. While those who conduct research in organisational behaviour often come from business schools, they may have their roots in diverse areas such as political science, sociology, psychology, or anthropology. It is the integration of relevant knowledge of these areas that has given us a new field of study. Organisational behaviour can be defined as follows

Organisational behaviour (frequently abbreviated as OB) is the study and application of knowledge about human behaviour related to other elements of the organisation such as structure, technology, and social system.

Thus, OB is primarily concerned with that aspect of human behaviour which is relevant for organisational performance. Therefore, it studies human behaviour at individual level, group level, and organisational level. It applies the knowledge gained about individuals, groups, and the effect of organisation structure on behaviour towards the end of making organisations work more effectively.

OB and other Similar Fields of Studies

As discussed above, the emerging field of study of human behaviour in organisation is referred to by different names, organisational behaviour,

behavioural science, human relations, or organisation theory. Though each of them tries to study human behaviour in organisation, and they are used interchangeably in many cases, they differ in their approaches. In the following paragraphs, a comparison between OB and other similar fields of studies such as behavioural science, human relations and organisation theory is presented.

OB and Behavioural Science

A comparison of OB and behavioural science shows that both have similar focus on organisational study. Behavioural science can be defined as the study of human behaviour to establish generalisations that are supported by empirical evidence collected in an impersonal and objective way. This evidence must be capable of verification by other interested scholars and procedures must be completely open to review and replication Thus behavioural science is interested in studying human behaviour in a scientific way. Therefore, behavioural science avoids speculation about 'what is' and normative discourse about 'what ought to be' This characteristic differentiates between OB and behavioural science. Though OB also uses scientific methods in collecting facts about human behaviour, it goes one step further by providing the answer of the question 'what ought to be in a given situation' rather merely giving the answer of the question 'what it is in the given situation' This normative aspect of human behaviour in organisation goes a long way in improving human behaviour in the organisation to realise its objectives.

OB and Human Relations

A comparison of OB and human relations shows that sometimes both are used synonymously, while at other times, a distinction is made between the two. Human relations broadly applies to the interaction and co-operation of people in groups This can happen to any aspect of human activity – organisational or non-organisational. Thus human relations can be applied in a wider context, either in organisational setting or non-organisational context. When human relations is used in the organisational context, particularly in business and industrial organisations, the term has quite a different connotation for persons in managerial positions In this context, it means the integration of people into a work situation which motivates them to work together effectively. The basic implication of motivating human beings in the organisation is that managers are no longer pushing or driving forces but their role is to help release and guide the inner drives of human beings who alone are capable of producing the things.

Davis makes a difference between human relations and organisational behaviour and observes that 'organisational behaviour is an academic discipline concerned with understanding and describing human behaviour in an organisational environment. It seeks to shed light on the whole complex human factor in organisations by identifying causes and effects of that behaviour Human relations goes one step further and applies behavioural knowledge in operating organisations to build human co-operation toward

organisational ends It is action-oriented and goal-directed. While organisational behaviour seeks to gain understanding, human relations seeks to use it in operational situations. The difference in emphasis between the two terms is similar to the difference between a pathologist and a physician. The pathologist seeks to understand certain human ills, and the physician uses that knowledge to achieve results [1]

OB and Organisation Theory

OB and organisation theory are also used interchangeably. However, some differences can be made between the two. Organisation theory may be defined as the study of structure, functioning, and performance of organisations and the behaviour of individuals and groups within them. If this definition of organisation theory is compared with that of OB, the differences between the two can be identified on two counts. *First,* organisation theory is macro analysis of organisation, that is how the organisation structure is designed to integrate people with organisation OB, on the other hand, deals with micro aspect of the organisation, that is, individual and group behaviour in the organisation *Second,* organisation theory is descriptive and predictive about a particular state of affair in the organisation; organisational behaviour provides ways for influencing human behaviour in certain directions on the basis of such description and prediction. Davis states that "from administrative point of view, organisational behaviour seeks to improve the people-organisation relationship in such a way that people are motivated to develop teamwork that effectively fulfils their needs and achieves organisational objective."[2] The prescriptive nature of organisational behaviour brings it quite close to management theory in the sense that both prescribe actions for achieving organisational objectives. However, the scope and coverage of the two differ widely, with management theory having wider coverage of total managerial functions

Nature of Organisational Behaviour

Organisational behaviour is emerging as a separate field of study. Therefore, its nature is likely to change over the period of time. However, its present nature can be identified as follows :

1. *A Field of Study and not a Discipline.* Organisational behaviour can be treated as a distinct field of study and not a discipline or even emerging discipline A discipline is an accepted science with a theoretical foundation that serves as the basis for research and analysis. Organisational behaviour, because of its broad base, recent emergence, and interdisciplinary orientation, is not accepted as science We have just begun to synthesise principles, concepts, and processes in this field of enquiry. Therefore, it is reasonable to call it a field of study rather than a discipline.

2. *Interdisciplinary Approach* OB is basically an interdisciplinary approach An interdisciplinary approach integrates the relevant knowledge

1 Keith Davis, *Human Behaviour at Work,* New Delhi . Tata McGraw-Hill, 1978, p 5
2 *Ibid*, p 6

drawn from different disciplines for some specific purpose. As discussed later, OB draws heavily from psychology, sociology, and anthropology. Besides, it also takes relevant things from economics, political science, law and history. These disciplines exist separately, but OB integrates the relevant contents of these disciplines to make them applicable for organisational analysis. Thus OB is nothing apart from the integration of knowledge from different disciplines.

3. *An Applied Science.* The basic objective of OB is to make application of various researches to solve the organisational problems. particularly related to human behaviour aspect Unlike the pure science which concentrates on fundamental researches, OB concentrates on applied researches Though many of the researches may be carried on in laboratory situations and controlled conditions, they are meant for general application in organisational analysis Thus organisational behaviour is both science as well as art.

4. *Normative and Value Centred.* OB is a normative science. A normative science, unlike the positive science which suggests only cause-effect relationships, prescribes how the various findings of the researches can be applied to get organisational results which are acceptable to the society. Thus what is acceptable by the society or individuals engaged in an organisation is a matter of values of the society and people concerned. This aspect cannot be explained by positive science. The normative nature of OB is underscored by the proliferation of theories about management styles, ranging from 'how-to' prescriptions to polemics about change in basic practices

5. *Humanistic and Optimistic* OB focuses the attention on people from humanistic point of view. It is based on the belief that needs and motivation of people are of high concern. There is an acceptance of the value of the individual as a thinking, feeling organism, and without these considerations the organisations may not be fully operational as a social entity. Further, there is optimism about the innate potential of man to be independent, creative, productive, and capable of contributing positively to the objectives of the organisation. The man will actualise these potentials if given proper conditions and environments

6 *Oriented Towards Organisational Objectives.* OB, being an applied science and emphasising human aspect of the organisation, is oriented towards organisational objectives Though an organisation may have several objectives and sometimes conflicting with individual objectives, it should not be understood that OB only emphasises the achievement of individual objectives at the cost of organisational objectives In fact, OB tries to integrate two types of objectives so that both are achieved simultaneously For this purpose, it suggests various behavioural approaches

7. *A Total Systems Approach* OB is a total systems approach wherein the living system of an organisation is viewed as an enlargement of a man The systems approach is an integrative approach which takes into account all the variables affecting organisational functioning In fact, the systems

thinking in organisational analysis has been developed by behavioural scientiots. Behavioural science, while analysing organisational behaviour, does not take human being in isolation but as the product of socio-psychological factors. Thus, his behaviour can be analysed keeping in view his psychological framework, interpersonal orientation, group influence, and social and cultural factors. Thus man's nature is quite complex, and OB by applying systems approach tries to find solution of this complexity.

Disciplines Contributing to OB

As discussed earlier, OB is not a discipline in itself but it uses knowledge developed in the relevant disciplines. OB basically draws concepts and principles from behavioural sciences and the core disciplines of behavioural sciences are psychology, sociology, and anthropology. Since these disciplines themselves are part of social sciences, it can be said that OB draws something from social sciences like economics, history, and political science. However, OB does not draw the whole knowledge of these disciplines but only the relevant knowledge which helps in predicting and directing human behaviour in the organisation. The contributions of core disciplines of behavioural science to organisational behaviour are as follows.

Psychology

The term psychology comes from the Greek word 'psyche' meaning soul or spirit. Modern psychology is almost universally defined as the science of behaviour which is nearly identical with behavioural science, in general Though there are two other disciplines which make behavioural science, psychology is more closely identified with overall behavioural science Psychology is a science of behaviour, the term behaviour being interpreted literally, for it comprehends not only objective and subjective form of human behaviour but also the behaviour of the animals. Psychology studies behaviour in various conditions—normal, abnormal, social, industrial, legal; childhood, adolescence, old age, etc It also studies processes of human behaviour, such as learning, thinking, memory, sensation, perception, emotion, feeling, and personality. Its contributions to behavioural science, as applied to managerial practices, are in the field of learning, perception, motivation, individual and group decision-making, pattern of influence, and change in organisations, group process, vocational choice and satisfaction, communication, and personnel selection and training. In fact, there is a separate branch of industrial psychology which deals with the application of psychological facts and principles to the problems concerning human relations in organisations Human relations is the integration of human factor into work situation which motivates it to work together effectively providing it social, psychological and economic satisfaction. From this point of view, the contribution of psychology is quite significant

Sociology

Sociology can be described as an academic discipline that utilises the scientific method in accumulating knowledge about man's social behaviour. It studies the patterned, shared human behaviour , the way in which people

act toward one another. It specifically studies social groups, social behaviour, society, customs, institutions, social class, status, social mobility and prestige. It has also developed sub-fields of political sociology, industrial sociology, sociology of law, family sociology, educational sociology, and sociology of religion. To the managerial practice, its contribution is mainly in the field of bureaucracy, role structures, social system theory, group dynamics, effect of industrialisation on the social behaviour, etc.

Anthropology

The term anthropology combines the Greek stem 'anthropo' meaning man and the noun ending 'logy' meaning science. Thus anthropology can be defined as the science of man. It particularly studies civilisation, forms of cultures and their impact on individuals and groups, biological features of man and evolutionary pattern, speech and relationship among languages Anthropology contributes in understanding the cultural effects on organisational behaviour, effects of value systems, norms, sentiments, cohesion, and interaction.

Besides these three basic behavioural disciplines, economics contributes in understanding the decision process, methods of allocating scarce resources in the organisations, and the impact of economic policy on organisations. Political science provides clue to conflicts in organisations, power and authority structure, and overall administrative process. From historical approach, case studies have emerged which have helped in clarifying the roles of decision-makers.

APPLYING OB KNOWLEDGE TO MANAGEMENT PRACTICES

The basic objective of studying OB is to acquire knowledge about how people behave in the organisation and how this behaviour can be directed towards the achievement of organisational objectives. For this purpose various theories have been evolved. However, a common statement made by managers is, "That is fine in theory, but, in practice, it does not work." While this is true for the managers at the global level, Indian managers have specific reasons to be dissatisfied with the theories developed in industrially advanced countries and are followed in Indian context. These managers may be correct in saying so as the theories they have applied might not have worked. This state of affairs is unfortunate since the real world is the ultimate laboratory for the social scientists. If bad theories are created that do not work, the gap between theory and practice is widened. Therefore, it is important to identify the reasons why theories do not work in practice.

Why Theories Fail ?

It is true that many theories have failed to produce desired results in practice , therefore, attempts are on to evolve new theories. However, the reasons for the failure of theories are more important to analyse rather than merely counting the occasions of their failures. If these reasons are understood, managers can improve their skills in choosing and implementing theories Some of the major reasons for failure of the theories are as follows :

1. *Lack of Proper Understanding of Theory.* In many cases, the individual trying a theory does not fully understand it Lack of complete understanding

can cause the individual to apply something other than the theory in question, or to apply the theory in an inappropriate situation, that is using the correct solution for the wrong problem. For example, often managers commit mistakes in applying job enrichment concept (discussed in motivation chapter). Instead of enriching the job to make it more motivating, they may overload it, or may enrich a job that is currently grossly underpaid in relation to market conditions.

2. *No Consideration given for Systems Effects* One of the most common experiences of managers who try new theories is that while they may solve the original problem, occasionally new problems are created as a result of the action, and the managers end up thinking they were better off before This happens because theoretical models tend to neglect the systems effect of introducing change into an organisation. For example, a manager may enhance the status of a group to enhance its productivity. It may work positively for the group but may create problems for the other groups whose status gets reduced in relation to the target group.

3. *Lack of Specific Applicability of a Theory.* Generally, theories are developed using scientific methods on relatively large number of observations. Consequently, theories developed tend to apply to individuals collectively, but not to any one specific person. A manager may attempt to apply a prescriptive statement from a general theory to a specific situation that does not fit the general requirements of the theory For example, the theory states that money is not a motivator in general term. However, it may be a motivator for an individual because of his specific background.

4 *Lack of Universal Applicability.* A theory, particularly in management and organisational behaviour which are affected by characteristics of human beings which may differ from place to place, lacks universal applicability. Thus a theory developed in one situation may not be applicable in another situation because variables in two situations may be different. This aspect is important for Indian managers when they apply the theories developed abroad for managing Indian organisations.

5. *Wrong Theory.* Sometimes, wrong theory may be created. This may happen because of several reasons . *(i)* the environmental conditions under which the theory was created have changed ; *(ii)* incorrect conclusions have been drawn from right data ; *(iii)* correct conclusions have been drawn from poor data ; and *(iv)* researchers have overlooked other significant influences that affect the results. In such a situation, the theory may not work at all.

Value of Theory

If we analyse the reasons for failure of theories, we may find that reasons are two-fold . *(i)* the application of theory is incorrect because of lack of proper understanding, or *(ii)* the theory itself may be faulty and lacks applicability Therefore, the practitioners have to take into consideration the reasons for failure of the theory and should not ignore the reality by commenting 'it does not work in practice' Fortunately, lot of concepts and theories developed in the field of organisational behaviour do have

applicability and their understanding is important for successful management practices Organisational behaviour emphasises that human factor is not merely an instrument in the organisation but the very core of the organisational existence From this point of view, organisational behaviour provides opportunity for analysing human behaviour for understanding and prescribing means for shaping human behaviour for desired results. In particular, organisational behaviour contributes to understand human behaviour, to control and direct it, and to adapt the organisation to given situations.

Value of Experience

Theories are important for increasing managerial effectiveness provided these are utilised properly. Proper utilisation of a theory requires that the practitioner has both knowledge of the theory as well as that of the situation in which the theory is to be applied. Knowledge of situation comes from experience. As mentioned earlier, organisational behaviour is both science and art; therefore, combination of both makes the organisational processes effective. Its science aspect suggests that theoretical knowledge is necessary; its art aspect suggests that perfection can be achieved through practice. Therefore, theory and practice is not an 'either or' situation; it is a blend of each.

Experience contributes to better way of doing the things because the practitioner may weed out the undesirable practices over the period of time and may retain the desirable practices. However, this process may take lot of time on the part of practitioner to make distinction between what is desirable or undesirable. If he has knowledge of relevant theories, he can do so in much lesser time. Therefore, the knowledge of the theories makes the experience meaningful. When the experience is unscientific, we must be cautious of its meaning and value. It is very old saying that ten years' experience may only be one year's experience ten times, if the experience is not proper.

Experience is a valuable asset if used wisely. Experience allows the comprehension of the theoretical concepts much more easily. Experienced managers are certainly more adept in the application of knowledge but the magnitude of adeptness will depend upon their ability to learn from their experiences. In doing so, a practitioner is just like an academician. Each performs experiments and draws conclusions from their experiences. The major difference lies in the methods and techniques to evaluate the experience. The academician prefers to call the experience as experiment or research and tries to make generalisations based on several such experiments. Thus, in the final analysis, theory and experience are complementary to each other. Just as all experience with no theoretical background is undesirable; the 'egghead' approach to organisational behaviour, that is, only theory and no practical experience, is equally inappropriate.

ROLE OF ORGANISATIONAL BEHAVIOUR

As discussed above, the suitable knowledge of theoretical constructs in any discipline helps greatly in solving the problems involving that area. This is also true with organisational behaviour. OB offers several ideas to

management as to how human factor should be properly emphasised to achieve organisational objectives. Human factor is not merely an instrument in the organisation but the very core of organisational existence. Barnard has observed that an organisation is a conscious interaction of two or more persons. This suggests that since organisation is the interaction of persons, they should be given adequate importance in managing the organisation. This becomes more important specially because of the changing dimensions of human behaviour, changing from money-motivated behaviour to multi-motivated behaviour McGregor suggests that people are moving from Theory X assumptions to Theory Y assumptions [3] The changing behavioural pattern suggests that organisational structure and process should be based on these characteristics From this point of view, managers must understand the behavioural pattern of the people. Organisational behaviour provides this opportunity by analysing human behaviour for understanding and prescribing means for shaping human behaviour to a particular direction.

1. Understanding Human Behaviour

OB provides a way for understanding human behaviour in the organisation. For shaping human behaviour in definite direction for achieving certain predetermined objectives, managers must know how the people in the organisation behave. OB provides for understanding human behaviour in all the directions in which human beings interact. Thus OB can be understood at the individual level, interpersonal level, group level and intergroup level.

1 *Individual Level* The behaviour of human beings as a social man is the first issue in behavioural science. It provides for analysing why and how an individual behaves in a particular way. As will be seen later, human behaviour is a complex phenomenon and is affected by a large number of factors – psychological, social, cultural, and others. OB integrates these factors to provide simplicity in understanding human behaviour.

2. *Interpersonal Level* Human behaviour can be understood at the level of interpersonal interaction. Such interpersonal interaction is normally in paired relationship which represents man's most natural attempt at socialisation. When one focuses on the influence of one's peer and its effect in working relationship, or examines the superior-subordinate relationship, it is obvious that the two-person relationship is inevitable in the organisation. OB provides means for understanding these interpersonal relationships in the organisation. Analysis of reciprocal relationship, role analysis, and transactional analysis are some of the common methods which provide such understanding.

3. *Group Level* Though people interpret any thing at their individual level, they are often modified by group pressures which thus becomes a force in shaping human behaviour. Thus individuals should be studied in group also. Research in group dynamics has contributed vitally to OB and shows how a group behaves in its norms, cohesion, goals, procedures, communication

3 Douglas McGregor. *The Human Side of Enterprise*, New York McGraw-Hill, 1976

pattern, leadership, and membership. These research results are furthering managerial knowledge of understanding group behaviour which is very important for organisational morale and productivity.

4. *Intergroup Level.* The organisation is made up of many groups that develop a complex of relationships to build its process and substance Understanding the effect of group relationships is important for managers in today's organisation. Intergroup relationship may be in the form of co-operation or competition. The co-operative relationships help the organisation in achieving its objectives. OB provides means to understand and achieve co-operative group relationships through interaction, rotation of members among groups, avoidance of win-lose situation, and focus on total group objectives.

2. Controlling and Directing Behaviour

After understanding the mechanism of human behaviour, managers are required to control and direct the behaviour so that it conforms to standards required for achieving organisational objectives. Thus managers are required to control and direct the behaviour at all levels of individual interaction. For this purpose, OB helps managers in many areas : use of power and sanction, leadership, communication, and building organisation climate conducive for better interaction

1. *Use of Power and Sanction.* Organisational behaviour can be controlled and directed by the use of power and sanction which are formally prescribed by the organisation Power is referred to as capacity of an individual to take certain action and may be utilised in many ways. The use of power is related with sanction in the organisation. However, mere use of power and sanction in the organisation is not enough for directing human behaviour. Moreover, these can be used in several ways and not all ways are equally effective. OB explains how various means of power and sanction can be utilised so that both organisational and individual objectives are achieved simultaneously.

2. *Leadership.* Another method of bringing human behaviour in tune with organisational requirement is leadership. Today, the difference between a successful and failing organisation lies in the quality of leadership of its managerial personnel. OB brings new insights and understanding to the practice and theory of leadership. It identifies various leadership styles available to a manager and analyses which style is more appropriate in a given situation. Thus managers can adopt styles keeping in view the various dimensions of organisations, individuals, and situations

3. *Communication* Communication is the building block of an organisation. It is communication through which people come in contact with others. People in the organisation, particularly, at higher level spend considerable time in communicating. To achieve organisational effectiveness, the communication must be effective The communication process and how it works in interpersonal dynamics has been evaluated by Organisational behaviour. The factors that affect communication have been analysed so as to make it more effective.

4. *Organisational Climate* Organisational climate refers to the total

organisational situations affecting human behaviour. Organisational climate takes a systems perspective and affects human behaviour. Organisational behaviour suggests the approach to create organisational climate in totality rather than merely improving the physiological conditions or increasing employee satisfaction by changing isolated work process. Satisfactory working conditions, adequate compensation, and the necessary equipments for the job are viewed as only small part of the requirements for sound motivational climate. Of greater importance are the creation of an atmosphere of effective supervision, the opportunity for the realisation of personal goals, congenial relations with others at the work place, and a sense of accomplishment. Thus OB has discovered a new approach of managing people in the organisation.

3. Organisational Adaptation

Organisations as dynamic entities are characterised by pervasive change. In this age of environmental variability, the real job of a manager is to provide continuity in organisations because the organisations have to adapt themselves to the environmental changes by making suitable internal arrangements. However, such organisational arrangements are mostly resisted by the internal people Thus managers have to face dual problems, identifying need for change and then implementing the changes without adversely affecting the need for satisfaction of organisational people It is also the essence of managing change. Management of change is seen as a self-perpetrating ever-evolving phenomenon.

FOUNDATIONS OF ORGANISATIONAL BEHAVIOUR

Organisational behaviour is based on the knowledge generated through systematic research. Prior to systematic researches, various management practitioners have also tried to find out the answer to problems involved in the complexity of human behaviour in organisation However, such attempts have been mostly in the area of organisational planning, organising and controlling human behaviour in the organisation and have led to the development of structural approaches of organisation and missed significant aspects of analysis of human behaviour in organisation Such approaches have been in the form of scientific management, administrative theory and other organisational theories (discussed later in the chapter of organisation theory in this text). The real beginning of researches in the area of human behaviour in organisation was made by Hawthorne Experiments. Such experiments were followed by various researches in the area. Below is a discussion of major findings of researches relevant to the development of organisational behaviour.

Hawthorne Experiments

The real beginning of applied research in the area of organisational behaviour started with Hawthorne Experiments. The findings of these studies were given a new name 'human relations' or 'human approach of organisation'. In November, 1924, a group of professors from Harvard Business School, U.S A., began an enquiry into the human aspects of work and working

conditions at the Hawthorne plant of Western Electric Company, Chicago, which was engaged in producing bells and other electrical equipments for telephone industry. Prominent among the professors were Elton Mayo (Psychologist), Roethlisberger and Whitehead (Sociologists) and company representative William Dickson. They conducted a series of experimental and observational studies in the plant and conducted employee interviews between 1924 and 1932.

These were as follows :

1. Illumination experiments (1924-27) : to find out the effect of illumination on worker productivity ;
2. Relay assembly test room experiments (1927-28) : to find out the effects of changes in working hours and other working conditions on productivity ;
3. Mass interviewing programme (1928-30) : to find out the worker attitudes and sentiments ;
4. Bank wiring observation room experiments (1931-32) : to find out social aspect of work organisation.

Conclusions and Implications of Hawthorne Experiments

These experiments and interviews brought out a number of findings relevant to understanding human behaviour at work which are as follows :

1. *Social Factors in Output.* An organisation is basically influenced by social factors. Elton Mayo has described an organisation as 'a social system, a system of cliques, informal status system, rituals, and a mixture of logical, non-logical, and illogical behaviour. Thus organisation is more than a formal structure or arrangement of functions The level of production is set by social norms, not by physiological capacities. People are socio-psychological beings. These characteristics determine the output and efficiency in the organisation. Economic satisfaction and productivity do not necessarily go together. Non-economic rewards and sanctions significantly affect the behaviour of the workers and limit the effect of economic incentives.

2. *Groups* In the organisations, individuals tend to create groups. Often workers tend to react as members of groups and not as individuals The group determines their norms of behaviour. If a person resists a particular norm of group behaviour, he tries to change the group norm because any deviation from the group norm will make him unacceptable to the group. Thus, management cannot deal with workers as individuals but as members of work groups, subject to the influence of these groups

3. *Leadership.* Leadership is important for directing group behaviour. Leadership cannot come from superiors only as held by scientific management approach. There may be informal leadership as is clear by bank wiring experiments. In some cases, informal leader is more important than formal one -as in the experiments, the supervisor could not exert pressure on the work group about the production norm because he was under considerable pressure to accept group norm of which he was in charge. However, a supervisor

is more acceptable as a leader if his style is in accordance with human relations approach. In this context, democratic style is the best which provides greater satisfaction to workers

4. *Communication* These experiments show that communication in the organisation is very important Through communication, workers can be explained why a particular course of action is being taken ; participation of workers can be sought in decision-making process concerning the matters of their importance ; and problems faced by them and their attitudes, opinions and methods of working may be identified.

5 *Conflict* The conflict generates in the organisation because of the creation of groups with conflicting objectives. Thus, groups may be in conflict with organisation, though the creation of groups sometimes helps to achieve organisational objectives Similarly, conflict may arise because of maladjustment, of individual and organisation. This conflict raises the problem of adjustment of individual to the organisation As the individual moves through the time and space within the organisation, there constantly arise the need of adjustment of the individual to the total structure because either individual progresses upward at a rapid pace or the structure itself may change in time, while the individual stands still. In either event, the change takes place in the position of individual with respect to the structure, hence requires adjustment.

6. *Supervision* The supervisory climate has also an important role to play in determining the rate of output. The friendly to the worker, attentive, genuinely concerned supervision affects the productivity favourably. For example, in the bank wiring room, an entirely different supervisory climate existed—more friendly to the workers and less use of authority in issuing orders—which helped in productivity, while in regular departments, supervisors were used to maintain order and control and this type of supervisory arrangement produced inhibiting atmosphere.

Evaluation of Hawthorne Experiments

The Hawthorne experiments opened a new frontier to the study of management which has been followed by many behavioural scientists later on. About Hawthorne experiments, Henry Landsberger has observed that 'a most spectacular academic battle has raged since then—or perhaps it would be more accurate to say that a limited number of gunners has kept up a study barrage, reusing the same ammunition. The beleaguered Mayo garrison, however, has continued its existence behind the solid protection of factory walls.[4]

However, Hawthorne experiments are not without criticisms. Certain criticisms of human relations soon began to be aired after the experiments When human relations techniques were tested experimentally, it became clear that they by no means always have the desired effect on productivity and work satisfaction In general, attacks have been made on procedures, analyses of findings, and the conclusions drawn However, it is really irrelevant whether the study is academically sound or its conclusions justified , what is

4 Henry A Landsberger *Hawthorne Revisited,* Ithaca . Cornell University, 1951, pp 1-2

really important is that it is significant in stimulating an interest in the human factors in organisations. From this point of view, the study is important in suggesting that human beings are complex and influential inputs into organisational performance. Such a conclusion evoked more interest in analysing the role of human factor in organisations which is reflected in researches of later behavioural scientists.

Human Behaviour Approach

In contrast to human relations which assumes that happy workers are productive workers, the behavioural scientists have been goal and efficiency-oriented and consider the understanding of human behaviour to be the major means to that end. There are numerous contributors in the field and the description of individual contributions, perhaps, is not possible. Hence an integrated view is presented. This approach has emphasised on the following things in the organisation. *(i)* motivation and leading of employees, *(ii)* introduction of organisational change, *(iii)* conflict management, *(iv)* integration of individual and organisational goals, and *(v)* group dynamics

1. *Motivating and Leading of Employees.* Behavioural approach has focused much attention on the problems of employee motivation and leading them. Maslow presents a theory of need hierarchy as a basic model of motivation.[5] This approach suggests that people feel and attach importance to various needs in certain hierarchical manner and the unsatisfied needs are basic source of motivation. Based on the need structure, Herzberg *et al* have given a model of motivation in terms of two-factor theory which distinguishes between motivators and non-motivators.[6] A significant emphasis of these persons is job enrichment in order to motivate people in the organisation. The job enrichment applies to the improvement of the jobs in such a way that they have more motivational factors as before but at the same time maintaining the degree of maintenance factors The work on motivation has been extended by Vroom who suggests the study of motivational problems in terms of 'valence-expectancy' model.[7] McClelland has extended the need hierarchy further and has suggested that there are three types of needs which people want to satisfy in varying degrees: need for power, need for affiliation and need for achievement. His findings suggest that achievement needs can be developed which is an important consideration in motivating employees[8] Various other writers have studied the problems of motivation, however, their conclusions are not much different from these. Thus in order to motivate employees in the organisation, a different type of organisation structure. characterised by more flexibility, less rigid control, environment for developing cordial and informal interpersonal relationship and democratic pattern of authority relationships. is required

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5 A H Maslow, *Motivation and Personality* New York . Harper 1954

6 Herzberg *et al, The Motivation to Work*, New York. John Wiley, 1959

7 Victor H Vroom *Work and Motivation* New York : John Wiley, 1974

8 David C McClelland 'Achievement Motivation can be Developed *Harvard Business Review*, Nov-Dec 1965 pp 6-24

Another aspect related to motivation of employees is the role of leadership. Though the role of leadership, particularly informal one, was emphasised by early human relationists, behavioural scientists have studied it in more detail. An early study of leadership by Lippitt and White discloses that boys have preference for democratic leadership.[9] Later on, studies were conducted at Bureau of Business Research at Ohio State University particularly in terms of initiating structure and consideration[10] In Michigan University's studies on leadership, it is emphasised that employee-oriented style which is very similar to democratic one is better to get employee performance[11] Similarly, managerial grid advocates team approach as managerial style[12] Reddin's tridimensional grid also identifies various effective leadership styles.[13] Likert emphasised principles of supportive relationship, which is also equivalent to democratic style.[14] Thus various leadership studies by behavioural scientists show that democratic leadership style is better because it takes into account the human aspect in the organisation.

2. *Group Dynamics* Though the role of group was identified by human relationists in their study, it was later studied in much more detail particularly by sociologists Lewin, who is primarily associated with group dynamics, states that groups—both formal and informal—are the basic content of every organisation[15] Therefore the organisation can be understood through group dynamics which is concerned with the interactions and forces between group members and social situations. Homans has identified the various socio-psychological forces which are the basis of group formation[16] Cartwright and Zander feel that group objectives fall into two categories. the achievement of some specific goals, and the maintenance or strengthening of the group itself Thus groups may affect the functioning of the organisation in either way depending upon the congruency of group and organisational goals[17]

3. *Conflict Management* Behavioural science recognises that conflicts are part and parcel of every organisation. However, all conflicts are not dysfunctional, only those conflicts are dysfunctional, which affect the organisational equilibrium adversely. Such conflicts may be found at various levels of the organisation—interpersonal level, group level, and inter-organisational level, Within the context of an organisation, conflicts generate

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9 Ronald Lippitt and Ralph K White, 'Patterns of Aggressive Behaviour in Experimentally Created Social Climate, *Journal of Social Psychology*, May 1939, pp 271-276

10 Ralph M Stogdill and Alvin E Coons (eds) *Leader Behaviour Its Description and Measurement*, Ohio Ohio State University, 1957

11 Daniel Katz *et al, Productivity, Supervision, and Morale in an Office Situation*, Ann Arbor University of Michigan, 1950

12 R R Blake and J S Mouton, *Managerial Grid*, Houston Gulf Publishing, 1964

13 W.J Reddin, *Managerial Effectiveness*, New York McGraw-Hill, 1970

14 Rensis Likert, *The Human Organisation*, New York McGraw-Hill, 1967

15 Kurt Lewin, 'Frontiers in Group Dynamics', *Human Relations*, No 1, 1947

16 G C Homans, *The Human Group*, New York Harcourt, Brace & World, 1950

17 D Cartwright and A Zander, *Group Dynamics*, Evanston, Ill Row Peterson & Company, 1958

because of conflict in interest, interpersonal misunderstanding, and traditional method of control. The behavioural science views that the organisation and its individuals are two sets of factors. Though individuals constitute organisation, it is not necessary that both have same set of goals Often both sets of goals are different and conflicting. For efficient organisational functioning, both these goals need being integrated Two integration models have been presented : one by Bakke and Argyris, popularly know as 'fusion process,'[18] and another by a group of researchers led by Simon.[19] Though the basic objectives of two models are the same, their approach is quite different.

4. *Introduction of Organisational Change* Behavioural science recognises that traditional organisations are not suitable for mature employees because they put more inhibiting forces than facilitating forces, Argyris feels that human beings move from immaturity to maturity but traditional organisations put block in this movement. As such, organisations should be structured in such a way that they facilitate such maturity. He feels that humanistic and democratic value systems in the organisations based on the individual satisfaction are better suited for employees in order to move towards maturity.[20] Thus in order to cope up with requirements of human values, the organisations must be changed. Behavioural science has developed several techniques for organisational change and development. Bennis feels that the behavioural scientists are not only interpreting the world in different ways ; some intend to change it.[21]

These are the very brief discussions of the research foundations of behavioural science which will be explained in detail at the appropriate places in the text. These researches have generated a rethinking in management towards managing human organisations.

DISCUSSION QUESTIONS

1 What is organisational behaviour ? Discuss its nature What are the contributing disciplines to organisational behaviour ?

2 What are the values of theories and experience ? Discuss the role of organisational behaviour for managers.

3 Discuss the major findings of Hawthorne Experiments ? How are these findings important for management ?

18 E W. Bakke and Chris Argyris, *Organisation Structure and Dynamics*, New Haven, Yale University, 1954

19 Herbert Simon, 'Comments on the Theory of Organisation', *American Political Science Review*, December, 1952

20 Chris Argyris, *Personality and Organisation*, New York Harper & Row, 1957

21 Warren Bennis, *Changing Organisations*, New York McGraw-Hill, 1966

Part : II
Individual Dimensions of Organisational Behaviour

3

Nature of Human Behaviour

Theme

To understand dynamics of behaviour in the organisation ;
To identify the assumptions managers make about people while dealing with them ;
To understand why people behave differently ;
To identify why people do not behave rationally.

Organisation is basically an association of human beings and a major problem of today's organisations is to maximise the efforts and contributions of these human beings Since human behaviour decides these efforts and contributions, those responsible for management of organisations must understand the way human beings behave. Behaviour is what a person does. More precisely, it can be defined as the observable and measurable activity of human beings. Activity of human beings that qualifies under this category shows great variety. It may include any thing like decision-making – a mental process ; or handling a machine – a physical process .

Human Behaviour : Caused or Autonomous

Behind the proposition that managers must understand the human behaviour is the assumption that it is orderly, not arbitrary ; systematic, not random. It is the assumption that human behaviour is caused. Only if there are reliable cause –and –effect relationships in the human behaviour does it make sense to talk of understanding and predicting human behaviour. Thus human behaviour can be understood easily if causes behind the behaviour are analysed and can be controlled by manipulating these causes Closely related to the proposition that behaviour is caused is the notion of human behaviour as a part of a naturalistic system. One person's behaviour is caused by several factors both lying within himself and outside him, that is, the total environment of which he is a part Thus he is affected by others' behaviour and also affects others' behaviour It suggests that human beings are not self-contained entities but are affected by larger systems –group, family, society, etc. The concept of causality is important to the managers who must predict organisational behaviour as a basis for managerial action.

There is the antithesis of the notion that behaviour is caused. This is the assumption that human behaviour is autonomous. This assumption is taken from the cultural values. The idea is that individual is an autonomous moral agent whose behaviour is interpretable in terms of good or bad in terms of cultural values For example, in legal cases, we do not go beyond suggesting that a person's behaviour is bad and can be placed under crime. The behaviour thus may be spontaneous though within the limits of cultural values The implications of this issue have occupied philosophers for centuries. Thus in organisational behaviour, the real implication of two alternatives may be quite different If a manager believes in the naturalistic system of cause and effect relationships, he is likely to begin with the question of 'what is', rather than 'what should be', and based on an analysis of cause and effect relations, he predicts 'what will be' Another manager who takes behaviour as autonomous and intreprets in moral terms is likely to take a single cause factor. Thus, he is likely to interpret the bad performance in the organisation due to a single factor like legal proposition and may take reward and punishment action accordingly.

The above discussion brings two implications for understanding human behaviour *First*, the human behaviour should be taken in terms of cause and effect relationships, and not in philosophical terms. The managers can better be able to intervene and direct organisational processes towards the accomplishment of specific goals if they go far deeper in analysing the causes of human behaviour *Second*, though they can go for deeper analysis for human behaviour, the accuracy in the predictability of human behaviour is at best a relative matter Human behaviour, regardless of context, is not perfectly predictable because it is affected by large number of variables and each variable itself is quite complex and subject to change. At best, a manager can generalise to limited extent and in many cases, he has to act on the basis of partial information. This is the art of real managing

Process of Behaviour

The behaviour is caused by certain reasons. The reasons may be internal feeling (motivation) and external environment (stimulus) A stimulus is an agent, such as, heat, light, piece of information, etc, that directly influences the activity of an organism (person) Without the stimulus, there is no information to be handled by the internal processes prior to action by the person It implies that his behaviour is determined by the situation Inherent in the situation are the environmental forces that shape and determine his behaviour at any given moment The entire situation has been traditionally described as 'stimulus response' (S – R) process.

This S – R model, however, does not give the total concept of caused nature of behaviour specially when the person concerned plays an important role in behaviour because behaviour is shaped by his internal feelings also Thus combination of stimulus-response situation and human being will give a more comprehensive model of human behaviour denoting that the situation interacting with the human being precedes and causes behaviour. This gives S⇌O⇌B model of human behaviour.

S↔O↔B Model

S O B model is closely related with S–O–R model which is evolved by inserting O (organism) in the classical S–R model. The S–O–R model states that based upon the stimulus processed by the organism, it is followed by a behaviour. This O is not passive and immobile as assumed in S–R model. Rather the O is viewed as a mediating, maintenance, and adjustive functions between S and R. As a mediating function, the O is constantly active, scanning its surroundings, monitoring its own actions, seeking certain conditions and avoiding others. As a maintenance function, organs of O are responsible for its health and growth. There are three categories of maintenance organs—receptors (sense organs), connectors (nervous organs), and effectors (muscles and glands). The adjustment function of the O monitors the person's activities so that he can overcome obstacles and satisfy his needs.

Though the insertion of O in S–R model gives some recognition to the importance to the human variables, it still remains a relatively mechanistic and simplistic approach. S↔O↔B model incorporates a more complex mechanism of human behaviour which modifies and extends S–O–R model. In S↔O↔B model, S stands for the situation and incorporates all aspects of the environment–immediate stimulus, physical environment, and socio-cultural environment. O is the organism, but it does not only represent the physiological being as in the S – O – R model, but also the psychological being which is more complex. The double-headed arrows between S and O represent interaction between the situation and the organism. This interaction is not a simple phenomenon specially when both physiological and psychological characteristics of human organism are considered. This interaction causes behaviour. The S↔O↔B model can be presented as follows :

Fig 3.1 A Model of Human Behaviour

There are two broad elements of this model – input or information and information processing. The functioning of the model depends on the input that is introduced. However, not all the information received by the sense organs is meant for processing. Rather, the organism plays an active part in selecting the information. This aspect will be discussed in perception as how the individual censors the various stimuli and perceives the things in certain ways.

Another element in the model is the information processing which is referred to by the more encompassing term 'cognition' which means that all the processes by which the sensory input is transformed, reduced, elaborated,

stored, recovered, and used. Information processing is one of person's most significant activities. His senses are continuously besieged with stimuli, and complex mechanisms exist to interpret sensory information. This information processing may be at three stages : *(i)* perception – the way of viewing a state of affair, *(ii)* core cognitive process – thinking, reasoning, and problem-solving, and *(iii)* decision making – selecting an alternative Information processing is affected by a number of variables in individual – his personality, learning, motivation, attitudes, value systems, socio-cultural factors, interpersonal and group interaction and organisational variables. After this process, organism takes action. This may be either in terms of overt response – behaviour, or along with this, a feedback for selection of stimulus for further processing Even action resulting into response to particular stimulus may also affect the stimulus itself providing feedback for selecting a particular input for processing.

INDIVIDUAL DIFFERENCES

The nature of human behaviour is complex and in understanding the behaviour of people, they should be studied in their totality by taking a total man concept. This concept is essentially a combination of all factors affecting human behaviour. It recognises that any attempt at generalisation usually falls short of the mark because people are different. If both individual and environmental variables are considered, there can be *(i)* differences in behaviour in an individual over time (intra-individual) and *(ii)* differences in behaviour among individuals given the same set of stimuli (inter-individual).

Nature of Individual Differences

Individual differences may be reflected in individual's different types of behaviour – conformity, differences in rate of learning and development, interaction with people having different types of personality characteristics, productivity and any such type of behaviour. Such differences range along a continuum from desirable to undesirable With respect to work, individuals differ in the following respects .

1. People differ in the importance they attach to intrinsic rewards to the job. People with different psychological make-ups respond differently to challenging versus routine jobs Some people prefer challenging jobs that afford the expression of the scope for higher abilities As against this, there may be people who prefer job security and routine operations in their jobs. Thus, different people attach different degrees of importance to rewards and kinds of job they would like to perform

2 People differ in the type of compensation plan they want or desire. Some people like to work under time-wage system while others prefer to work under piece-wage system or incentive system involving compensation based on productivity

3 People differ in the style of supervision Some people prefer to provide necessary imputs for important decisions and like to be their own boss to the maximum extent On the other hand, some people may not like such working

and may depend mostly on others for decision-making. Similarly, people respond differently to different styles of leadership and supervision. Some may prefer to work under autocratic style while others work more effectively under democratic or *laissez-faire* style.

4. People differ in their preferred schedules of work hour. Some people awake early in the morning, start their working and go early in the bed. Some people do exactly opposite of this.

5. People differ in their tolerance for stress and ambiguity. Some people do better in stressing and ambugious situations as such situations may bring out their best and they feel the situations as challenging. Others may not bear such stresses for long.

Causes of Individual Differences

The variability in behaviour is the consequence of a combination of different factors. All these factors affect the human behaviour in one way or the other. Various such factors can be presented in the following figure.

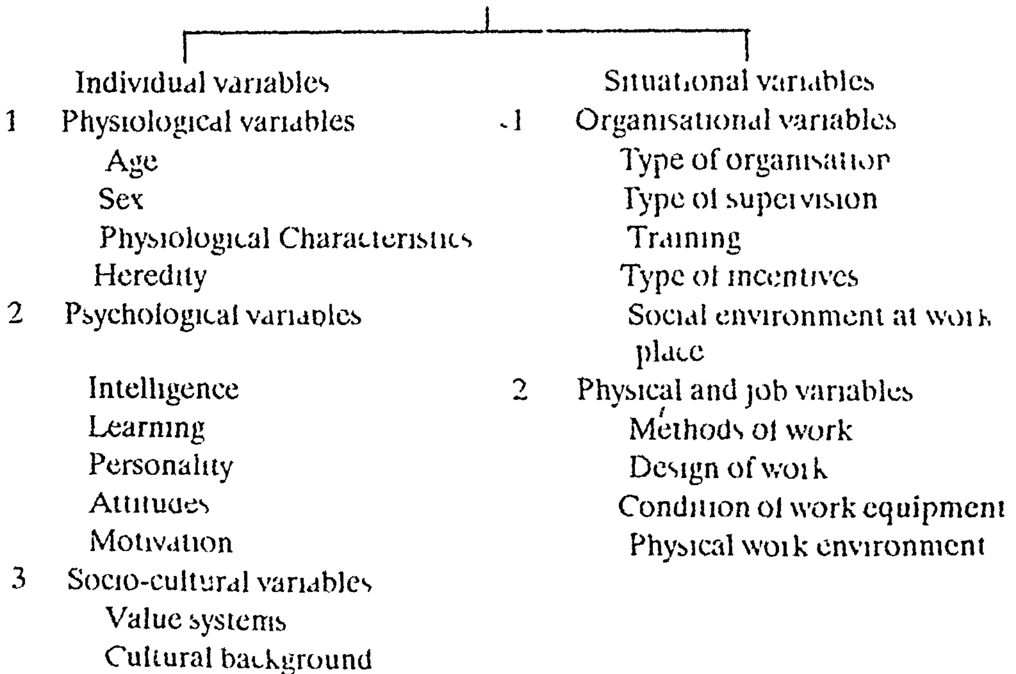


Fig. 3.2 Variables in Individual Differences

The behaviour is a result of total effects of several variables — individual and situational. The difference in the behaviour of two individuals at a given moment of time can be interpreted in the context of these two factors. If one can measure both the behaviour and specific variables that are associated with it, then it would be possible to quantify the effect of several variables as related to the behaviour. The quantification of such variables may lead to take positive actions so that desirable behaviour results. For example, if situational variables have significant impact on the behaviour, it may be possible to modify these variables in order to create a situation that is conducive to more

acceptable behaviour. Similarly, many of the individual factors may be modified to achieve more desirable behaviour in a given situation

No doubt, psychologists agree that both these factors are important However, a disagreement revolves around the comparative importance of each of them Thus to understand the complexity of human behaviour and to develop an appropriate and meaningful model, both the factors should be taken into account. Thus the human behaviour model should show these two variables as integrating components rather than as separate entities.

1. *Individual Variables*

An individual is affected by the physiological, psychological and socio-cultural variables. Therefore, in order to identify the individual differences, these three variables must be identified

(i) Physiological variables. The human being possesses certain biological endowments which are vital to his behaviour. Various physiological characteristics of heredity, sensory organs, physical build-up, nervous system determine the outcome of his behaviour However, a person is not merely a conglomeration of organs, nerves, bones, muscles, and brain but a much more complex As such, these factors are essential to his maintenance and adjustment but play a relatively minor role in shaping his behaviour,

(ii) Psychological variables. Psychological factors are more important in shaping the behaviour of a person From the moment of birth, psychological processes – perception, learning, and motivation – become integral part. These processes do not operate as isolated, separate entities any more than do the biological mechanisms of the body. Various psychological processes, taken as a whole, are included in the concept of personality and this plays a very important role in shaping human behaviour

(iii) Socio-cultural variables. Socio-cultural variables affect human behaviour as he learns many behaviours from his society and cultural institutions Since individuals may come from different society and cultural background, they may reflect different types of behaviours

All these variables – physiological, psychological, socio–cultural – taken together will make a particular individual unique and distinct as compared to others and, therefore, his behaviour is likely to be different than others.

2. *Situational Variables*

Besides individual variables, situational variables also affect human behaviour. In an organisation context, such variables may be various types of organisational practices like nature of organisation, supervision, training, incentives, and social environment at work place ; or physical and job variables like methods of work, design of work, condition of work, equipment, and physical environment of work. These variables may act either as facilitating factors or restraining factors and consequently an individual is likely to depict a behaviour accordingly The situational variables may be important as the same individual is likely to behave differently in different situations

Implications of Individual Differences

The understanding of variation in human beings that causes each individual different from every other and gives rise to the variation in the performance at the work-place is important from managerial point of view Individual differences mean that management can achieve the desired behaviour from individuals by treating them differently. In fact, it is almost impossible to develop one theory about the nature of man, fit every one into it, and develop an approach to management which will ensure absolute results at all times with all people Thus management must analyse how differences in individuals can be used in most appropriate manner. Schein has visualised this approach as such. 'Perhaps the most important implication is that the successful manager must be a good diagnostician and must value a spirit of inquiry If the attributes and motives of the people under him are so variable, he must have the sensitivity and diagnostic ability to be able to sense and appreciate the differences Second, rather than regard to the existence of differences as a painful truth to be wished away, he must also learn to value the diagnostic process which reveals differences Finally, he must have the personal flexibility and the range of skills necessary to vary his own behaviour If the needs and motives of his subordinates are different, they must be treated differently.[1]

Individual differences have great importance in the organisations because different individuals with different qualities and capacities are required to perform various functions If the work is to be the best in quality and quantity, it is essential that each operation is performed by the individuals best qualified to perform it The understanding of individual differences not only solves the problem of assignment of activities to them but also helps in taking best out of them by motivating and leading them accordingly.

Considering the differences among people at work, Porter and Lawler have visualised the future organisation to be highly individualised[2] They view that organisations in future will accept a wide variety of management, structures and technologies so as to accommodate the individual differences because a single organisation is likely to offer variety of jobs to suit different individuals In a research study in Texas Instrument it was observed that a particular type of person likes a particular type of management practices which is as follows

(*i*)	Tribalistic	People who prefer directive, strong leadership from their boss
(*ii*)	Ego-centric	People who desire to work alone in their own entrepreneurial style
(*iii*)	Socio-centric	People who seek social relationship that their job provides

1 Edgar H Shein, *Organisational Psychology,* New Delhi Prentice-Hall of India, 1979, pp 70-71

2 L W Porter and E E Lawler, *Behaviour in Organisations,* New York McGraw-Hill, 1980

(iv) Existential . People who strive for growth and self-fulfilment needs especially through their work.

Similarly, people with different personality characteristics are suitable for different jobs (discussed in Chapter 6). Thus, understanding individual differences may provide clue to management to design organisation structure, adopt leadership and motivation techniques and develop control systems so as to serve the needs of different individuals adequately.

MODELS OF MAN

Individual differences, as discussed earlier, cause difference in behaviour. In dealing with human beings, either understanding or influencing their behaviour, management makes some assumptions about them consciously or unconsciously. Managerial effectiveness in dealing with people will depend on the degree to which its assumptions fit the actual situations. Historically, the assumptions about people in the organisations have largely reflected philosophical positions on the nature of man and have served as the justification for the particular organisation. Whole of managerial actions have depended on such assumptions over period of time. However, such assumptions have shown great variations and unanimity has eluded. These have given many models of man in terms of basic nature, his behaviour and consequently different managerial strategies in dealing with him. Schein has identified four models of man : rational-economic man, social man, self-actualising man, and complex man.[3] These models are roughly in order of their historical appearance To this may be added one more identified by Whyte, that is, organisation man.[4] This model can be fitted very well in between social man and self-actualising man. A brief description of these models is presented below.

1. Rational -Economic Man

The rational-economic man model is the oldest one. It is based on the doctrine of maximising of self-interest by man. There are two elements in this maximisation. *First*, man is able to calculate the cost of his efforts for getting any inducement. Similarly, he can also calculate the value of the inducement which he receives from his efforts. *Second*, he is able to evaluate all the alternatives as well as he is able to know all the alternatives available. Thus he maximises his need satisfaction in terms of marginal efforts being equal to marginal inducement for work. Thus following assumptions can be made about rational-economic man in respect of his behaviour :

1. Man is primarily motivated by economic incentives and he is willing to do things which maximise his economic returns.

2. The feelings of the man are essentially irrational and must be controlled in order to achieve rationality and self-interest

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3 Schein, *Op cit*, p 55

4 William H Whyte, Jr, *The Organisation Man*, New York Doubleday, 1956

3. In the context of organisation individual relationship, the organisation controls the economic incentives and man remains mostly passive.

4 Since man's feelings will interfere his rationality, the organisation can be designed in such a way that it controls his feelings and consequently avoids unpredictability in his behaviour

The rational-economic model, though comes primarily from economist, psychologists have studied this model for predicting human behaviour For example, McGregor's assumptions of Theory X reflect this model wherein he has suggested that managers may have certain assumptions about human behaviour and design their activities accordingly to control human beings A detailed description of these assumptions has been given in Chapter 8

The kinds of assumptions a manager makes about people will greatly determine the actions he takes in motivating and controlling people In simple rational-economic model, people can be induced to produce more by providing economic incentives This works very simply, that is, people are engaged by the organisation for productive purpose It will continue to give them incentives till it is receiving matching contributions from them. Beyond that, the organisation is not responsible. For example, the piece-rate system is based directly on this assumption The people will produce more to get more money. By more production, both organisation and people are happy and this can go on regular basis In this case, there is no conflict between people and organisation because both are satisfying their needs simultaneously through the in-built mechanism of the organisation-people relationship

This model is based on classical organisation theory. As will be noticed in Chapter 18, the classical models of designing organisation structures and processes have various shortcomings and do not suit the present-day organisations The economic incentives can work till man is not reasonably satisfied by the need of money. Though money is such a factor that its need can never be satisfied because it may purchase many things through which people may satisfy their other needs , within organisational context, the role of money is to maintain the people in the organisation and beyond that it is not able to provide incentives to people, as will be seen later Therefore, whole assumptions of rational economic model of man are not sufficient for understanding and predicting his behaviour

2 **Social Man**

Social man concept is based on the doctrine that man being part of the society, is influenced by social forces and seeks satisfaction of those needs which are in tune with maintaining his social relationships. This is the basic crux of human relations approach in management The following assumptions can be made about social man

1. Man is basically motivated by his social needs and all his efforts are directed to get this satisfaction by maintaining relationship with others

2 Man is more responsive to group pressure and sanction rather than the control and pressure put by management in the organisation because

he values social relationship higher than his economic motives which are directly controlled by management.

3 He will obey and comply management's orders so long as these are in conformity with satisfaction of his social needs.

4. As a result of industrialisation, specialisation, and rationalisation, the work has become meaningless which develops more alienation, frustration, and conflict. Therefore, management should change and organise work in such a way that it provides more belongingness not only in terms of interpersonal and group relationships, but also man's relationship with his job.

Social man concept is the invention of many researches which behavioural scientists have carried out from time to time beginning from famous Hawthorne Experiments, as discussed in the previous chapter

The type of managerial strategy that can be applied in the case of social man is quite different as compared to rational economic man This has many implications for management *First,* the manager should not concentrate only on the output achieved by the people but he should also focus his attention on people themselves. Thus a drastic change in various styles is required. *Second,* instead of being concerned with motivating and controlling people with economic incentives, the manager should be concerned with people's feelings about their belongingness. This requires a change in the organisation structure based on specialisation and division of labour to a more democratic and free organisation structure *Third,* since groups are basis of organisation and individual interaction, man's behaviour should be analysed and motivated in terms of groups and not on individual basis *Fourth,* instead of being creator of work and controller of behaviour, the manager should act as facilitator and sympathetic supporter. Thus whole system is directed towards people

3 Organisation Man

Organisation man is an extension of social man. William Whyte, who has given the concept of 'organisation man', believes that the value of loyalty to the organisation and co-operation with fellow workers is important for man A man who believes and acts in this way is, according to him, an organisation man This concept is based on the idea of sacrificing individuality for the sake of the group and the organisation Though this idea was earlier suggested by Henry Fayol when he suggested the subordination of individual interest to the general interest, he did not emphasis the concept of social ethic in behaviour. Whyte suggests that social ethic guides organisation man which is based on three major propositions .

1. The group is the source of creativity. The individual by himself is isolated and meaningless , only when he collaborates with others does he create. Individual helps to produce a whole that is greater than the sum of its parts.

2 Belongingness is the ultimate need of the individual There should be no conflicts between man and society because what is normally considered conflict is merely misunderstanding and breakdown in communication

3. The science achieves the goal of belongingness By applying the methods of science, the obstacles to consensus can be eliminated and an equilibrium can be created where society's needs and the needs of the individual are one and the same.

Organisation man emphasises that there is no conflict between organisation and individual. Even if there is any, it can be overcome by sacrificing the individual interest in favour of organisational interest. However, assumption behind this proposition is that the organisation will take care of individual interest. Its implication is that management will design its various actions which will satisfy the people People will not see their interest differently as the organisation is there to take care of their interest.

4 **Self-actualising Man**

Self-actualising man concept is a further extension of social man and organisation man models. The assumption of social man concept about the nature of work that it has become meaningless because of high degree of division of labour and specialisation is true. But the self-acutualising man concept differs in suggesting the way through which man overcomes the limitations of work. As against the formation of social groups as the basis for satisfaction, self-actualising man assumes that man's inherent need is to use his capabilities and skills in such a way that he should feel develop a sense of creating certain things. Thus there is a conflict between self-actualising man and formal organisation because it does not allow him to satisfy his self-actualising needs. The managers normally take following assumptions about self-actualising man :

1. The various needs of man can be put in hierarchy. For example, Maslow has put various needs in a hierarchy –physiological, safety, belongingness, esteem, and self-actualising.[5] Any unsatisfied need is a motivating factor for man. Since he attempts to satisfy his needs according to this hierarchy, he takes self-actualisation as his ultimate goal as most of his needs are satisfied reasonably in that order. Thus he tries to make a sense and meaning in his work.

2. Man moves from immaturity to maturity in self-actualising himself. In this process, there will be various changes in his behaviour, as will be discussed in Chapter 6.

3. Man is primarily self-motivated and self-controlled. Therefore any incentives and control imposed externally will not threaten him and result in less mature adjustment

4. There is often a conflict between formal organisation designed on traditional thinking and self-actualising man because the organisation is based on the assumptions of immature personality. However, if the man is left free, he will try to put in his maximum efforts.

These assumptions are mostly based on McGregor's Theory Y and Argyris's immaturity-maturity theory (discussed in Chapter 6), though

5 A.H Maslow, *Motivation and Personality*, New York. Harper & Row, 1954

McGregor's Theory Y goes beyond these assumptions.[6] The type of managerial actions that will be required for satisfying self-actualising man will be those suitable for social man with some additional features For example, groups may be only one source of satisfaction of self-actualising man. People in the organisation will require more autonomy, incentives based on intrinsic factors, and participation throughout the organisational processes. These features create a normal involvement on the part of people to release a greater potential for commitment to organisational goals and creative efforts in the pursuit of those goals.

5. **Complex Man**

The various models of man, discussed above, are simplistic assumptions of people and their behaviour. They assume that man will behave according to certain set pattern. If the condition for behaviour is given, the behaviour of man can be understood and predicted depending upon the assumptions made. However, researches have demonstrated that it is not so. *First,* there are many complex variables which determine human behaviour. These variables themselves are quite unpredictable. *Secondly*, even if cause-effect relationship is established between variables and behaviour, it is not necessary that everyone will behave accordingly because of individual differences, as discussed earlier. Thus human being is quite complex and our assumption about predictability of human behaviour specified in the beginning of this chapter that it is not possible to predict human behaviour completely and accurately holds good Following assumptions can be made about complex man :

1. Man is motivated by complex variables. No doubt, his needs can be arranged in certain hierarchy but this hierarchy cannot be universal. There can be many overlapping needs and the degree to which man will seek satisfaction to various needs. Thus it is not necessary that man will try for self-actualisation.

2 Man is capable of learning many motives out of interaction with the organisation Thus his total need pattern will be determined by his initial needs as well as needs developed by organisational contacts.

3. There are variations among people in the same organisation. Such variations may be in terms of their need pattern, their behaviour, and consequently the need for control and direction.

4. The understanding of human needs may not be the final step in understanding human behaviour because of the absence of a direct cause-effect relationship between need and behaviour For example, a person may behave differently as compared to another person having same set of needs.

5. Man can behave diversely if we take into account his need pattern, lack of direct cause effect relationship between need and behaviour and individual differences. Thus man can respond to various managerial actions but the way of reaction is not uniform. This will depend upon his motives and abilities, nature of task, and nature of incentives —financial and non-financial

6 McGregor *Op cit* and Chris Argyris, *Personality and Organisation*, New York Harper & Row, 1957

Complex man presents the real picture of human behaviour. This has replaced the simplistic model of man The manager can take clue for managerial actions in two ways : *First*, he must realise that there is no action which can be utilised successfully in all the situations This is the basic theme of contingency approach which is fast developing in organisational analysis This puts emphasis on the manager being good diagnostician and must value the spirit of enquiry. *Second*, he should differentiate people on the basis of various factors and must adopt actions which may affect different people It means he can not simply design a system and assume that it will work. Rather, he must review it in terms of its effectiveness by taking feedback from various sources This will enable him to find out whether he is proceeding correctly or otherwise. A suitable action, then, can be taken before the situation goes out of control.

Most behaviour in the organisation can be understood by taking assumptions of complex man Though this model is quite complex, it indicates the real situation and emphasises that human behaviour is not as simple as is assumed The whole chapters of this part will be directed for understanding this complex behaviour However, before that, it is desirable to identify what are the forces which put limits on rationality because various models of man reject the assumption of rational-economic man This rejection is in terms of total behaviour of human being.

LIMITS ON RATIONALITY

The question of rationality in human behaviour has occupied an important place in the study of human behaviour. Do human beings behave rationally ? Such question can be answered if it is decided what is rational behaviour Rationality may be defined as the capacity for objective and intelligent action It is usually characterised by patent behavioural nexus between ends and means Thus if appropriate means have been chosen to reach desired ends, the behaviour is rational. However, this means-ends test of rationality presents many complications because it is very difficult to separate means from ends —an end may become a means for some future end.

Presenting these difficulties in the means-ends chain as test of rationality, Simon considers rationality as 'the selection of preferred behaviour alternatives in terms of values whereby the consequences of behaviour can be evaluated'[7] Thus if value system is attached to the concept of rationality, an action may be rational from one point of view but irrational from another point of view Simon points out that 'a decision may be called objectively rational if in fact it is the correct behaviour for maximising given values in a given situation. It is subjectively rational if it maximises attainment relative to the actual knowledge of the subject It is consciously rational to the degree that the adjustment of means to ends is a conscious process It is deliberately rational to the degree that the adjustment of means to ends has been deliberately brought about (by the individual or by the organisation) A decision is organisationally rational if it is oriented to the organisation's goals

7 Herbert A Simon, *Administrative Behaviour*, New York The Free Press 1976 p 75

it is personally rational if it is oriented to the individual's goals.[8]

Behaviour does not always take place in a way that is fully consistent with the demands of rationality The outcome of a decision always takes place in some future period, the behaviour pattern chosen by a person takes place in fact after the decision has been made It is rational behaviour if in fact it maximises the values of the situation However, there are two factors which put limitations on the rationality in decision-making These are decision-making mechanism and human factors

Decision-making Mechanism

Decision-making mechanism has some important assumptions. It assumes that *(i)* all the alternatives of choice are completely known, *(ii)* all the consequences of choice are known, *and (iii)* the decision-maker has a complete utility ordering for all possible sets of consequences. These assumptions are seldom fulfilled in practice Decision-maker just does not have full knowledge of all alternatives and their consequences As such, he cannot be rational, at best he can be subjectively rational, not objectively rational In such a situation, rather than considering all alternatives and listing them from most-preferred to least-preferred, the decision-maker begins by searching for probable courses of action. The search continues until he finds an alternative that meets some personally determined minimum acceptable level Once this level is attained, he rarely goes beyond to find a maximising decision. Rather, he satisfices

Besides the knowledge of all the possible alternatives, there is a problem in anticipating the consequences of various alternatives There are various factors which affect the outcome of a decision Some of these are uncontrollable while others are controllable It is virtually impossible to acquire knowledge about all these factors and to determine their effects upon the outcome of the decision Since the outcome of a decision can be known only in future, the inability to make exact predictions of future events further limits one's knowledge about the consequences of various choices

Human Factor in Decision-making

A major source of limit on rationality is human factor in decision-making The decision-making is influenced directly and indirectly by many human factors, such as personal value systems, perception of problems, social and economic factors, and limitations in human processing These factors may work against rational decisions in the following manner .

(i) Personal value systems Since decisions are made by the human beings, they are susceptible to the limitations on human behaviour caused by value systems Every decision-maker is influenced by the attitudes, biases, and personal beliefs Values are significant determinants of what problems once considers significant, and given a large array of alternatives which choice is the best The decision-maker projects his value systems Projection means that the person sees others as similar to himself and projects to others his values He often falsely assumes that groups either within or outside their own organisations share the same values as he does

8 Simon, *Op cit* pp 76-77

(ii) *Perceptions*. Problems and their solutions are abstract in nature Thus individual's perception regarding the problems and their solution will be different and consequently the way of tackling the problems may be quite different. This is so because people act according to what they see. The perception, in turn, is affected by a number of variables, mostly related with individual characteristics, as will be presented in Chapter 4 A classic example of the effect of perception may be seen in terms of tackling organisational problems. Psychologists see this field through individual behaviour, sociologists through group behaviour, and engineers through the merging of machines and men, and so on

(iii) *Social and economic factors* The decision-makers concern about protecting his own self-interest and warding off challenges to his decision-making power also influences his decisions In many cases, information that a decision-maker needs in order to make an optimum decision may be covert, not relayed, or altered in such a way as to be totally distorted. Though with the help of quantitative techniques, he can be able to maximise his decisions, because of political reasons, he may go only for satisficing decisions which may not necessarily be optimum decisions Further, the decision-maker who is considering an action that will have considerable effect upon his career can be expected to decide in favour of his own position Robbins observes that many executives are resistant to change because of the "apprehension that they develop out of the uncertainty surrounding change and the way it will affect the individual decision-maker often results in decisions that maintain the *status quo*. The decision of whether to initiate change or to maintain the *status quo* is not necessarily on the basis of what is in the organisation's best interest but rather of what is in the best personal interest of the decision-maker."[9]

(iv) *Limitations in human processing* The maximising decisions are often not possible because no decision-maker ever has all the necessary information with which to make his decision. Rather, the decisions are made in an environment of bounded rationality The decision-maker gathers information he believes is pertinent to the decision, hence the choice is made within a bounded or restricted area.

These factors affect human decision-making Because of these factors, it may not be possible for human being to be always rational Thus in understanding, predicting, and influencing human behaviour, this fact should be given adequate consideration

DISCUSSION QUESTIONS

1 Human behaviour is caused, motivated, and goal-directed Examine this statement and show how model of behaviour incorporates the role of organism in shaping human behaviour

2 Explain the nature of individual differences and their biological and environmental determinants What are the managerial implications of individual differences ?

3 What are the background factors that determine behaviour in an organisation ?

4 "Different approaches have made different assumptions about the needs that persons seek to satisfy through organisations" Discuss such assumptions

5 "Human behaviour is more complex than what people believe" Do you agree with this ? What are the factors that add complexity in human behaviour ?

6 What is the concept of rationality ? What are the limits on rationality ?

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9. Stephen P Robbins *The Administrative Process*, New Delhi Prentice Hall of India, 1978, p 167

Perception

Theme

To understand perception as a psychological process affecting human behaviour,

To analyse the role of perception for managers,

To analyse various problems involved in perception;

To suggest techniques for developing perceptual skills.

People often see the same phenomenon differently both within the organisational context and outside the organisation. For example, in relation to a strike, a manager may perceive the immediate cause of the strike as trivial, while the workers may see it as very serious Similarly, when there is any accident in the factory, the supervisor may treat it as the carelessness of workers while the workers may treat it as the high-handedness of management and lack of adequate provisions of security measures. Thus, the situations remaining the same, causes have been assigned differently by different group of persons. In order to understand the significance of this phenomenon, and to understand why people see the same situation differently, one has to understand perception and its different aspects. Perception may be defined as follows :

Perception is the process of selecting, organising, and interpreting or attaching meaning to events happening in environment.

The above definition brings the following features of perception :

(i) Perception is the intellectual process through which a person selects the data from the environment, organises it, and obtains meaning from it. The physical process of obtaining data from environment, known as sensation, is distinct from it.

(ii) Perception is the basic cognitive or psychological process The manner in which a person perceives the environment affects his behaviour Thus, people's actions, emotions, thoughts, or feelings are triggered by the perception of their sorroundings.

(iii) Perception, being an intellectual and psychological process, becomes a subjective process and different people may perceive the same environmental event differently based on what particular aspects of the situation they choose to absorb, how they organise this information, and the manner in which they interpret it to obtain the grasp of the situation. Thus, the subjectively perceived "reality" in any given setting may be different for different people.

Perception and Sensation

There is usually a great deal of misunderstanding about the relationship

between sensation and perception, though there is a clear distinction between the two Sensation may be described as the response of a physical sensory organ. The physical senses are vision, hearing, touch, smell, and taste These senses are bombarded by stimuli continuously, both external and internal to human body and reactions in particular sense organ take place because of these Examples of sensation may be reaction of eye to colour, ear to sound, and so on These examples show that sensation deals with very elementary behaviour that is largely determined by physiological functioning.

Perception is something more than sensation It correlates, integrates, and comprehends diverse sensations and information from many organs of the body by means of which a person identifies things and objects the sensations relate to. Perception classifies the stimuli based on past experience (learning), feeling, and motives. Thus perception is determined by both physiological and psychological characteristics of the organism However, sensation only activates the organs of the body and is not affected by such psychological factors as learning and motives Dempsey's statement further clarifies the difference between the two 'By means of my eye, I see, but it is not my eye but I who see, and I tend to see an object in its totality, a thing or event with certain qualities, with a figure and form set against a background'[1] Thus in seeing process, both sensation and perception are involved Activation of eyes to see an object is sensation, and the inference what is being seen is perception For managerial action, it is the latter which is important.

Perceptual Process

Perception is a process consisting of several sub-processes We can take an input-throughput-output approach to understand the dynamics of the perceptual process This approach emphasises that there is input which is processed and gives output The stimuli in the environment – subjects, events, or people – can be considered as the perceptual inputs The actual transformation of these inputs through the perceptual mechanisms of selection, organisation, and interpretation can be treated as the throughputs, and the resultant opinions, feelings, attitudes, etc., which ultimately influence our behaviour, can be viewed as the perceptual outputs The whole perceptual process can be presented as follows :

Perceptual inputs	Perceptual throughputs	Perceptual outputs
Stimuli	Receiving→Selecting→Organising→Interpreting	Action

Fig 4 1 Perceptual process

1 **Stimuli.** The first process in the perception is the presence of stimuli or situations which confront the human beings These may be in the form of people, objects, events, information, conversation, etc Thus, everything in

1 Peter J R Dempey, *Psychology and the Manager*, London Pan Books, 1973, p 4

the setting where events occur or which contribute to the occurrence of events can be termed as perceptual inputs. Strictly speaking, the presence of stimulus, though necessary for perception, is not actual process of perception However, the perception process cannot start in the absence of stimuli.

2. **Receiving Stimuli.** The actual perception process starts with the receipt of the stimuli or data from various sources. Most data is received through the five organs One sees things, hears them, smells, tastes, or touches them and learns other aspects of the things. Thus, reception of stimuli is a physiological aspect of perception process.

3. **Selection of Stimuli.** After receiving the stimuli or data, some are selected for further processing while others are screened out because it is not possible for a person to select all stimuli for processing to attach meaning which he receives from the environment. Two types of factors affect the selection of stimuli for processing: external factors or factors related to stimuli and internal factors or factors related to the perceiver. Important external factors are intensity of stimuli, its size, contrast, movement, repetition, familiarity, strange characteristics, etc. Such features of the stimulus attracts the attention of perceiver more as compared to other stimuli Internal factors important to selection of stimuli are the perceiver's self-acceptance, etc. Such factors of the perceiver influence his interest or indifference in the objects being received for perception Normally, he will select the objects which interest him and will avoid that for which he is indifferent

4. **Organisation of Stimuli.** After the data have been selected, these are organised in some form in order to make sense out of them. Such organisation of stimuli may take the form of figure-ground, grouping, simplification, and closure.

(i) Figure-ground People tend to organise information on what is known as the figure-ground principle This involves that in perceiving stimuli or phenomena, the tendency is to keep certain phenomena in focus and other phenomena are in background. More attention is paid to phenomena which have been kept as figure and less attention to phenomena kept in background For example, while reading a book, the letters printed are treated as figure while the page on which the letters have been printed as taken as ground The perception may change if certain stimuli are changed from figure to ground For example, in certain organisations, good performance (a figure for promotion in normal case) may be taken as background and maintaining good relations with boss for promotion (ground in general cases) may be taken as figure

(ii) Grouping In grouping, the perceiver groups the various stimuli on the basis of their similarity or proximity Thus, all such stimuli which have been grouped together are likely to be perceived as having same characteristics For example, all the workers may be perceived to have same opinions about the management because of grouping on the basis of similarity, or all the persons coming from the same place may be perceived as having same characteristics because of grouping on the basis of proximity

(iii) Simplification. Whenever people are overloaded with information, they try to simplify it to make it more meaningful and understandable In the process of simplification, the perceiver substracts less salient information and concentrates on important one Simplification makes the things more understandable because the perceiver has been able to reduce the complexity by eliminating some of the things which are less important

(iv) Closure. When faced with incomplete information, people fill up the gaps themselves to make the information meaningful. This may be done on the basis of past experience, past data, or hunches. For example, in many advertisements, alphabets are written by putting electric bulbs indicating the shape of the concerned alphabets but broken lines. In such cases, people tend to fill up the gap among different bulbs to get meaning out of these.

5. **Interpretation.** The perceptual inputs that have been organised will have to be interpreted by the perceiver so that he can sense and extract some meaning of what is going on in the situation. People interpret the meaning of what they have selectively perceived and organised in terms of their own assumptions of people, things, and situations. They also become judgemental as well and tend to interpret the things as good/bad, beautiful/ugly, and so on which are quite relative terms In such a process, there are chances of misinterpretation Interpretation of stimuli is affected by characteristics of stimuli, situations under which perception takes place, and characteristics of the perceiver These factors also affect the total perception process For example, as discussed earlier, the characteristics of stimuli affect their selection for perception At the same time, these may affect the interpretation also. Similarly, the physical, social, and organisational settings in which an object is perceived also affect the interpretation

6 **Action.** The last phase of the perceptual process is that of acting in relation to what has been perceived. This is the output aspect of perceptual process. The action may be covert or overt The covert action may be in the form of change in attitudes, opinions, feelings, values, and impression formation resulting from the perceptual inputs and throughputs The overt action may be in the form of behaviour easily visible

Perceptual Selectivity

Perception is a selective process. As the people can sense only limited amount of information in the environment, they are characteristically selective By selection, certain aspects of stimuli are screened out and others are admitted Those which are admitted remain in the awareness of the people and those which are screened out fall below the threshold. There are a number of factors which affect this selectivity

1 *Self-concept* The way a person views the world depends a great deal on the concept or image he has about himself The concept plays an internal role in perceptual selectivity It can be thought of as an internal form of attention getting and is largely based on the individual's complex psychological make-up Knowing oneself makes it easier to see others accurately People's own characteristics affect the characteristics which they are likely to see in others

They select only that aspects which they find match with their characteristics

2 *Beliefs* A person's beliefs have profound influence on his perception Thus a fact is conceived not on what it is but what a person believes it to be. The individual normally censors stimulus inputs to avoid disturbance of his existing beliefs. This is referred to as 'maintenance of cognitive consistency'. Katz argues that *(i)* an individual self-censors his intake of communications so as to shield his beliefs and practices from attack ; *(ii)* an individual seeks out communications which support his beliefs and practices ; and *(iii)* the latter is particularly true when the beliefs and practices in question have undergone attack or the individual has otherwise been made of them.[2]

3. *Expectations* Expectations affect what a person perceives. Expectations are related with the state of anticipation of a particular behaviour from a person. Even in the organisational setting, expectations affect people's perception. Thus a technical manager may expect ignorance about the technical features of a product from non-technical people, or union officials use rough language Such expectations may affect their perception. Though such expectations may change because of direct contact and expectations may fall near actual but a mental set about beliefs, expectations, and values filters perception and may be lasting and difficult to change.

4 *Inner Needs* People's perception is determined by their inner needs The need is a feeling of tension or discomfort when one thinks he is missing something or when he feels he has not quite closed a gap in his knowledge People with different needs usually experience different stimuli. Similarly people with different needs select different items to remember or respond to. When people are not able to satisfy their needs, they are engaged in wishful thinking which is a way to satisfy the need not in real world but in imaginary world, the day dreaming According to Freud, wishful thinking is the means by which the Id, a part of personality, attempts to achieve tension reduction In such cases, people will perceive only those items which are in consistence with their wishful thinking.

5 *Response Disposition* Response disposition refers to a person's tendency to perceive familiar stimuli rather than unfamiliar ones. Thus a person will perceive the things with which he is familiar. For example, persons having a particular value take lesser time in recognising the words having implications in the area of that value, but take longer time in recognising the words not associated with value In an experiment, persons having dominant religious value took lesser time in recognising such related words as 'priest', or 'minister' whereas they took longer time in recognising words related with economic value such as 'cost' or 'price'

6 *Response Salience* Response salience is the set of dispositions which are determined not by the familiarity of the stimulus situations, but by the person's own cognitive predispositions Thus a particular problem in an

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2 Daniel E Katz On Reopening the Question of Selectivity in Exposure to Mass Communications in R P Abelson *et al,* (eds) *Theories of Cognitive Consistency A Source Book,* Chicago Rand McNally 1968 p 775

organisation may be viewed a marketing problem by marketing personnel, a control problem by accounting people, and human relations problem by personnel people. It indicates that type of response salience people have affects their perception The reason for this phenomenon lies in the background of the people for which they are trained. They are trained to look at the situation from one point of view only, not from other points of view.

7. *Perceptual Defence* Perceptual defence refers to the screening of those elements which create conflict and threatening situation in people They may even perceive other factors to be present that are not a part of the stimulus situation In an experiment directly related to organisational situation, business students were exposed to the word 'intelligence' as a feature of factory workers As this contradicted with their perception of factory workers, their perception of factory workers being less intelligent, they tended to make perceptual defence in several ways including denial, modification, or distortion They could foresee and relate the intelligence with factory workers with many other associations like lack of initiative for rise, lack of formal education, and so on to protect their earlier perception about the factory workers

8 *External Factors* The above factors are related to the person involved in perception process Perceptual selectivity is also affected by external characteristics of stimulus situation, whether person or thing Various factors such as intensity, size, contrast, repetition, motion, and novelty and familiarity affect the selectivity by forcing the subject to take, or not to take, attention to these objects

Distortion in Person Perception

Above factors relating to perceptual selectivity may hold true for any stimulus situation, person or otherwise. In person perception, there are many more factors which affect the correctness of perception, thus perceptual distortion occurrs. Perceptual distortion is a position where the person does not perceive the thing, particularly person, as it may be This is affected because of several factors Such factors may be associated with person perceiving, the person or subject being perceived, or the situational factors in which perception process may take place There may be many factors related with person perceiving

1 *Personality* Personality of the perceiver greatly influences the perception of the person Researches suggest that *(i)* secure people perceive others as warm individuals rather than cold and indifferent, *(ii)* self-accepting people perceive others as liking and accepting people, *(iii)* people tend to perceive others more accurately when they are more like the ones that they are perceiving than if they are different from those who are being perceived These imply that insecure, thoughtless, or non-self-accepting persons are less likely to perceive themselves and those around them accurately They will, in all likelyhood, distrust, misrepresent, or in other ways defensively perceive situations This will influence the resultant behaviour of the person concerned

2 *Mental Set* Mental set is the tendency one has to react in a certain way

to a given situation. This has been illustrated by Massie and Douglas as such 'Suppose you are a contestant in a track meet and are positioning yourself in your starting blocks as you hear the preparatory commands, 'Get ready, Get set'. When you hear the command, 'Go', you take off at once since you are already set and ready to this command.[3]" It is a very simple example of mental set. In organisational setting, people have tendency to perceive about others on the basis of their mental set which causes misperception.

3. *Attribution.* Attribution refers to how a person tries to understand the behaviour or events by interpreting them as caused by certain factors Individuals perceive the information around them and learn to behave accordingly and think of their behaviour and that of others as caused by some factors in the environment It has been observed that different persons have different views about why they behave in particular ways. This may affect the resultant decisions For example, if the failure of subordinate is perceived to be caused by external factors on which the subordinate does not have any control, the manager may treat him as capable and trustworthy as against the reason of failure is attributed to the subordinate. In the latter case the subordinate may be treated as ineffective and irresponsible. Similarly, persons may attribute the reasons of their failure to external factors to defend their ego. For example, if a person is bypassed in promotion, he may attribute the reason of his bypassing in terms that others have been promoted not because of their ability but because of their being close with high-ups.

4 *First Impression* It is very common that people evaluate others on the basis of first impression The evaluation based on first impression may be correct if it is based on adequate and significant evidence. However, since first impression evaluation is not based on adequate information, it may not be true reflection of people being perceived Even in such cases, people continue to evaluate on the basis of first impression, though incorrect. This can be corrected by more frequent interaction, though erasing of first impression evaluation is not that easy.

5. *Halo Effect* The term halo effect was first used in 1920 to describe a process in which a general impression which is favourable or unfavourable is used by judges to evaluate several specific traits The halo in such a case serves as a screen, keeping the perceiver away from actually seeing the trait he is judging The halo error is very similar to stereotyping except that in stereotyping the person is perceived according to a single category, whereas under the halo effect, the person is perceived on the basis of one trait or event Halo effect is more reflected in performance appraisal where the distortion exists because the rater is influenced by ratee's one or two outstandingly good (or bad) performances and he evaluates the entire performance accordingly Bruner and Tagiuri note three conditions where the halo effect is m... marked (i) when the traits to be perceived are unclear in behavioural

3. Joseph L. Massie and John Doughlas, *Managing A Contemporary Introduction*, New Delhi Prentice-Hall of India, 1975, p 69

expressions ; *(ii)* when the traits are not frequently used by the perceiver, and *(iii)* when the traits have moral implications.[4]

6 *Stereotype* The word stereotype was first used by Walter Lippman in 1922 to describe bias in perceiving people This means that the perceiver sees the person on the basis of a single class or category to which the person belongs Besides this categorisation, a stereotype also implies general agreement on the attributed traits and the existence of a discrepancy between attributed traits and actual traits Thus stereotype may attribute favourable or unfavourable traits to the person being perceived There are certain stereotyped groups, such as, managers, supervisors, workers, union leaders, etc In fact, Bruner and Perlmutter have indicated that there is an international stereotyping for businessmen and teachers [5] There is a consensus about the traits which members of these categories possess Thus a person belonging to these groups may be perceived having those traits, though actually he may not have those traits

7 *Person Perceived.* The above factors are related basically to a perceiver Apart from these, there are certain characteristics of person being perceived which also influence the perception The first factor is status of the person. A person is perceived not by his actual traits but by the status he has Thus a person having high status may be perceived to have many desirable qualities The second factor is the visibility of traits. There are many traits which are not visible on surface, such as, honestly, loyalty, etc In such cases, evaluation is to be made on the basis of one's own experience which may not be correct The closeness among people provides opportunities to perceive the traits correctly which, however, are not always available

8. *Situational Factors* Situational factors also affect the perception. There may be structural characteristics of the place indicating the characteristics of person occupying it. Thus a person is likely to be perceived by a place. For example, a person is perceived differently if he meets with other in a five-star hotel as compared to an ordinary place. This may be the main reason for having lavishly furnished offices or showrooms In many cases, these may not reflect the true value but may only distort people's perception who might be dealing with them

Managerial Implications of Perception

A manager is primarily concerned with the achievement of organisational objectives through specified behaviour of its members Perception affects the outcome of behaviour This is so because people act on the basis of what they see Hence, in understanding behaviour, the managers must recognise that facts people do not perceive as meaningful usually will not influence their behaviour, whereas the things they believe to be real, even though factually incorrect or non-existence, will influence it Thus the understanding of human perception, particularly in the organisational setting,

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4 Jerome S Bruner and R Tagiuri. 'The Perception of People ' in Gardner Lindzey (ed) *Handbook of Social Psychology*, Cambridge, Mass Addison-Wesely, 1954, p 641

5 S Bruner and H V Perlmutter 'Compatriot and Foreigner : A Study of Impression Formation in Three Countries,' *Journal of Abnormal and Social Psychology*, 1957, pp 253-260

is important in understanding and controlling the behaviour. In an organisational setting, perception is important in various activities. However, there are three major areas which require special attention so far as the perceptual accuracy is concerned. These are : interpersonal working relationship, selection of new employees, and performance appraisal.

1 *Interpersonal Working Relationship.* Organisations are intended to bring about integrated behaviour. Therefore, managers in the organisation need to know whether or not members share similar or at least compatible perceptions. If they do not, the problems of the organisation are greater and will require that efforts are made to make perceptions more compatible. Misperceptions usually lead to strained relations and may even result in open conflict among people

2 *Selection of Employees.* Organisations typically select new employees on the basis of selection tests, interviews and reviews of the applicants' backgrounds In many instances, much of the information is vague, and managers are subject to many of the perceptual problems when they make the selection decisions. The major areas of problems in this case are that *(i)* the managers' emotional state may vary from day to day causing unfair perceptions of the same applicants ; and *(ii)* there may be strong tendencies towards logical error and stereotyping specially during initial interviews.

3 *Performance Appraisal* The appraisal of a subordinate's performance is highly affected by the accuracy of a manager's perceptions. The major areas of concern in this context are : *(i)* managers may have tendencies to positively evaluate some employees because they are better liked, or are on favoured tasks, or are particularly noticeable; and *(ii)* because of halo effects, performance evaluation will be affected adversely

Developing Perceptual Skills

Looking into the need for correct perception, it is imperative that people in the organisation develop skills to perceive correctly. For this purpose, various attempts can be made Though it cannot be said with certainty that these measures will bring perfectly correct perceptions because these may have their limitations, these can help in increasing the degree of correct perception Following attempts can be made to have better perception

1. *Perceiving Oneself Accurately.* One of the major reasons why people misperceive others is that they fail to perceive themselves accurately. Therefore, the important thing which a person must do is that he should understand him more accurately The more accurate he understand himself, the more accurate he can perceive others. The concept of John Window as discussed in Chapter 11 must be applied by people and attempts must be made to increase awareness about self. Some common practices that can be adopted in this context are mutual trust, better interpersonal interaction, open communication with others, etc

2. *Enhancing Self-concept* Self-concept is normally a function of how successfully people accomplish the things they attempt to do. When people handle roles where they can exhibit and enhance their competence and be

successful, they will develop a basic sense of self-esteem and have positive self-regard. When self-concept is developed and people have acquired a positive self-regard, they are apt to respect others more and perceive them more accurately. Maslow contends that self-actualising individuals have more accurate perceptions about themselves than those who are not self-actualising. This correct perception about oneself will tend to perceive others more correctly as discussed above.

3. *Having Positive Attitudes* Attitudes also affect perception. Unless managers can take positive attitude to whatever situation they find themselves and see the things from a positive angle, their perceptions are likely to be distorted. Therefore, managers must be aware to their personal biases, make concerted efforts to be as unbiased as possible, make conscious efforts to get rid of any negative feelings they may have of others. All these will put managers in their proper perspective and thus enhance their perceptual skills.

4 *Being Empathic.* Empathy means being able to see a situation as it is experienced by others This is putting your feet in another's shoes. A person can understand the problem in true perspective when he looks at it from others' point of view also. This may help the person to understand other side of the problem and hence more clear perception of the problem. This may occur only when the people can be sensitive to the needs of others and perceive situations from their point of view as well before making final decisions

5. *Communicating More Openly.* Lot of misperception arises in the organisation because of lack of adequate communication, undue reliance on one-way communication. Therefore, managers should take steps for making communication effective so as to ensure that right message reaches at the right place at right time. This may help not only the managers to understand the organisational situations in much better perspective but employees can also look at the situations in much better way and any misperceptions may be dispelled.

6. *Avoiding Common Perceptual Distortions.* As discussed earlier, there are some factors which affect perception adversely like hallo effect, stereotyping, attribution, first impression, etc In order to have better perception of the situation, people in the organisation should guard themselves specially against these common biases. This may be possible if they put continuous efforts and make the decisions only after careful analysis of the situation

DISCUSSION QUESTIONS

1 Discuss the nature of perception How does it differ from sanction ?

2 What is the difference between perceptual selectivity and perceptual distortion ? Discuss the major factors affecting these

3 What are the various implications of perception for management ? How does management affect perception of people in the organisation ?

4 Discuss the measures for improving perceptual skills

Learning and Behaviour Modification

Theme

To understand learning as a factor affecting human behaviour

To understand implications of behaviour modification.

To understand reinforcement for inducing positive behaviour

Learning is another important psychological process determining human behaviour. The human species, unlike other animals, possess an extremely high proportion of unused mental capacity at birth Human being has very few instincts or innate response tendencies relative to lower animals While this may be deterimental to man in the sense that he is helpless for a long period in his early years, it is favourable in the sense that he has greater capacity for adaptation in response to changed survival conditions This is because of his learning capacity As such, learning becomes an important concept in the study of human behaviour.

Learning is used in many contexts. According to the Dictionary of Psychology learning means 'the process of acquiring the ability to respond adequately to a situation which may or may not have been previously encountered, the favourable modification of response tendencies consequent upon previous experience, particularly the building of a new series of complexity coordinated motor response ; the fixation of items in memory so that they can be recalled or organised ; the process of acquiring insight into a situation'[1] Thus learning can be defined as a relatively enduring change in behaviour due to experience. There are four important points in the definition of learning.

1. Learning involves a change in behaviour, though this change is not necessarily an improvement over previous behaviour. Learning generally has the *connotation* of improved behaviour, but bad habits, prejudices, stereotypes, and work restrictions are also learned

2 The behavioural change must be relatively permanent. Any temporary change in behaviour due to fatigue or any reason is not a part of learning

3 The behavioural change must be based on some form of practice or experience. Thus any behavioural change because of physical maturation is not learning For instance, the ability to work which is based on physical maturation would not be considered learning.

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1 Howard C Warren, (ed). *Dictionary of Psychology*, New York Houghton Miffin, 1934, p 151

4. The practice or experience must be reinforced in order for learning to occur. If reinforcement does not accompany the practice or experience, the behaviour will disappear.

Components of Learning Process

A person receives a variety of stimulus inputs. When specific stimuli become associated with specific responses in a sufficiently permanent manner that the occurrence of the stimuli elicits or tends to elicit a particular response, learning has occurred. To understand this process, it is important to understand the role of various components of learning. These components are : drive, cue stimuli, response, reinforcement, and retention.

1. *Drive*

Learning frequently occurs in the presence of drive – any strong stimulus that impels action. Without drive, learning does not take place or, at least, is not discernible because drive arouses an individual and keeps him ready to respond ; thus, it is the basis of motivation. A motive differs from drive mainly in that it is purposeful, or directed toward the specific goal, whereas drive refers to an increased probability of activity without specifying the nature of the activity. Drives are basically of two types—primary or physiological drives and secondary or psychological drives. These two categories of drives often interact. Individuals operate under many drives at the same time. To predict behaviour, it is necessary to establish which drives are stimulating the most.

2. *Cue Stimuli*

Cue stimuli are any objects existing in the environment as perceived by the individual. It is common to speak of cue stimuli simply as stimuli or to use the term cue and stimuli interchangeably. The idea here is to discover the conditions under which a stimulus will increase the probability of eliciting a specific response. There may be two types of stimuli so far as their results in terms of response are concerned : generalisation and discrimination.

Generalisation. Generalisation occurs when a response is elicited by a similar but new stimulus. If two stimuli are exactly alike, they will have the same probability of evoking a specified response, but the more dissimilar the stimuli become, the lower will be the probability of evoking the same response. The principle of generalisation has important implications for human learning. It makes possible stability in man's actions across the time. Because of generalisation, a person does not have to completely relearn each of the new tasks or objects which constantly confront him. It allows the organisational members to adapt to overall changing conditions and specific new or modified job assignment. The individual can borrow from past learning experiences to adjust more smoothly to new learning situations. However, there are certain negative implications of generalisation for learning. A person may make false conclusion because of generalisation. For example, stereotyping or halo effect in perception occurs because of generalisation.

Discrimination. Discrimination is opposite of generalisation. This is a process whereby an organism learns to emit a response to a stimulus but avoids

making the same response to a similar but somewhat different stimulus. For example, a rat may learn to respond to the white colour but not to the black

Discrimination has wide applications in organisational behaviour. For example, a supervisor can discriminate between two equally high producing workers, one with low quality and other with high quality The supervisor discriminates between the two workers and positively responds only to the quality conscious worker. As there is no positive response (reinforcement), the low quality producing worker may extinct his learning.

3. *Responses*

The stimulus results in responses. Responses may be in the physical form or may be in terms of attitudes, familiarity, perception, or other complex phenomena Usually, however, learning psychologists attempt measurement of learning in behavioural terms, that is, responses must be operationally defined and preferably physically observable.

4. *Reinforcement*

Reinforcement is a fundamental condition of learning. Without reinforcement, no measurable modification of behaviour takes place. The term reinforcement is very closely related to the psychological process of motivation. However, motivation is a basic psychological process and therefore is broader and more complex than is implied by the learning principle of reinforcement. Reinforcement may be defined as environmental events affecting the probability of occurrence of responses with which they are associated. The role of reinforcement in learning has been specified by Thorndike as follows · Of several responses made to the same situation, those which are accompanied or closely followed by satisfaction (reinforcement) will be more likely to recur . those which are accompanied or closely followed by discomfort (negative reinforcement or punishment) will be less likely to occur.[2] The reinforcement principles have been discussed in this chapter a little later

5. *Retention*

The stability of learned behaviour over time is defined as retention and the converse is forgetting. Some of the learning is retained over a period of time, while other may be forgotten Extinction is a specific form of forgetting.

Extinction Extinction may be defined as a loss of memory. Extinction of a well learned response is usually difficult to achieve because once something is learned, it is never truly unlearned Thus extinction merely means that the response in question has been repressed or it may be replaced by learning of incompatible response. Thus under repeated conditions of non-reinforcement, there is a tendency for the conditioned response to decrease or disappear.

Spontaneous Recovery The return of response strength after extinction, without intervening reinforcement, is called spontaneous recovery. Spontaneous recovery is not unusual among people when they are confused

2 Edward L Thorndike, *Animal Intelligence*, New York . Macmillan, 1911, p 244

under stress or in other unusual states In such situations, they sometimes will recover response tendencies that have been extinguished for many years. The original response strength of an extinguished behaviour can also be recovered when a previously extinguished response is rewarded in an isolated instance

LEARNING THEORY

Learning, as discussed above, is the acquisition of new behaviour. People acquire new behaviour frequently. However, experts do not agree on what is the process through which new behaviour is acquired, and still there is disagreement on the theory behind it This has resulted into the development of many theories of learning. However, the processes of learning can be explained by two groups of concepts referred to as classical conditioning and operant conditioning

Classical Conditioning

Classical conditioning states that behaviour is learned by repetitive association between a stimulus and a response (S-R Association) . The work of the famous Rssian Physiologist, Ivan Pavlov demonstrated the classical conditioning process A simple surgical procedure permitted Pavlov to measure accurately the amount of saliva secreted by a dog In the experiments, when Pavlov presented a piece of meat (unconditioned stimulus) to the dog, he noticed a great deal of salivation (unconditioned response). On the other hand, when he merely rang a bell (neutral stimulus), the dog had no salivation. thus, it was established that ringing of bell was having no effect on the salivation of dog In the next step, Pavlov accompanied meat with ringing of the bell On this, dog salivated This experiment was repeated several times After that, Pavlov rang the bell without presenting the meat This time, the dog salivated to the bell alone which was originally a neutral stimulus having no effect on the behaviour (salivation). In the new situation, the dog had become classically conditioned to salivate (conditioned response) to the sound of the bell (conditioned stimulus). Pavlov went beyond the simple conditioning of his dogs to salivate to the sound of the bell He next paired a black square with the bell After a number of trials with this pairing, the dogs salivated to the black square alone The original conditioned stimulus (bell) had become a reinforcing unconditioned stimulus for the new conditioned stimulus (black square) This was called second-order conditioning. Pavlov could go for third-order conditioning but not more. However, most behavioural scientists agree that humans are capable of being conditioned higher than the third order.

Classical conditioning has some important implications for understanding human behaviour Since higher-order conditioning for learning by human beings is important, its implications must be recognised For example, higher-order conditioning can explain how learning can be transferred to stimuli other than those used in the original conditioning. However, the existence of higher-order conditioning shows the difficulty of tracing the exact cause of certain behaviour, as direct cause-effect relationship for a behaviour is difficult to establish. Another implication of higher-order conditioning is that reinforcement can be acquired A conditioned stimulus

conditioning is that reinforcement can be acquired A conditioned stimulus becomes reinforcing under higher-order conditioning. This shows the importance of secondary rewards (higher-order conditioning) in organisations. Classical conditioning, though offers explanation for learning, fails to explain total behaviour of human beings. Therefore, many psychologists do not agree with this concept. Skinner particularly feels that classical conditioning explains only respondent (reflexive) behaviour. People's behaviour is emitted rather than elicited and it is voluntary rather than reflective The behaviour affects, or operates on, the environment. This type of behaviour is learned through operant conditioning

Operant Conditioning

Operant is defined as behaviour that produces effects Operant conditioning suggests that people emit responses that are rewarded and will not emit responses that are either not rewarded or punished. Operant conditioning implies that behaviour is voluntary and it is determined, maintained and controlled by its consequences. It presupposes that human beings explore their environment and act upon it The basic principles of learning new behaviour (operant or also called instrumental) involve the relationships between three elements · (*i*) stimulus situation (important events in the situation), (*ii*) behavioural response to the situation, and (*iii*) consequence of the response to the person. A simple example of the operant behaviour is the application of brake by a vehicle driver to avoid accident Here, the possibility of accident without application of brake is stimulus situation, application of brake is the behaviour and avoidance of accident is the consequence of behaviour. Through this process, human beings learn what behaviours will be rewarding and they engage in those behaviours.

The major differences between classical and operant conditioning can be summarised as follows :

1. In classical conditioning, behaviour is the result of stimulus either of first order or higher order In operant conditioning many possible behaviours can result in a particular stimulus situation Thus, in the former case, there may be direct relationship between stimulus and response, while no such relationship is necessary in operant conditioning.

2 In classical conditioning, a change in the stimulus (unconditioned stimulus to conditioned stimulus) will elicit a particular response In operant conditioning, one particular response out of many possible ones occurs in a given stimulus situation In this case, stimulus does not elicit response but serves as a cue for a person to emit the response. The emitting of response depends upon the outcome of the response so emitted.

3 In classical conditioning, the stimulus, conditioned or unconditioned, serving as a reward, is presented every time for response to occur. In operant conditioning, the reward is presented only if the organism gives the correct response Thus, response is instrumental in receiving the reward.

Classical connection can be expressed as S-R while operant connection can be expressed as R-S Examples of classical connection may be the

individual being shocked by electric current (S) jumps (R), being greeted by others (S) feels happy (R) and so on. Examples of operant connection are works hard (R) gets promotion (S), respects others (S) gets respect (R), etc.

Operant conditioning has much greater impact on human learning than classical conditioning Most behaviours in organisations are learned, controlled and altered by consequences Management can use the operant conditioning process successfully to control and influence the behaviour of employees by manipulating the reward system From this point of view, two principles, based on the concept of learning, and useful for management in influencing the behaviour of people are reinforcement and behaviour modification

REINFORCEMENT PRINCIPLE

As discussed earlier, reinforcement is very important for learning because behavioural response is conditioned by reinforcement Some learning theorists, however, consider that learning does not involve reinforcement. For example, Mendick comments that 'all that is necessary for an association to develop between a stimulus and a response is that they occur together frequently. Reward does not seem to be necessary When reward is used, however, conditioning proceeds far more rapidly and with greater vigour [3] This suggests that though reinforcement is not necessary for learning, its presence increases the learning. This is so because when a behaviour is reinforced, a person tends to repeat the same response he was emitting at the time of reward. This increases the probability of that response being emitted when rewards are presented again. Over a period of time, the person may learn to associate the organisational response with the reward Reinforcement may be classified in many ways · positive and negative, extrinsic and intrinsic, primary and secondary

Positive and Negative Reinforcement

A positive reinforcement is a stimulus which, when added to a situation, strengthens the probability of a response The reason it strengthens the response may be explained by the simple fact that behaviour which appears to lead to a negative consequence tends not to be repeated. A positive consequence is called a reward. A negative reinforcement is punishment which may be defined as presenting an aversive or noxious consequence contingent upon a response, or removing a positive consequence contingent upon a response While reward strengthens behaviour, punish ent weakens it

Extrinsic and Intrinsic Reinforcement

Positive reinforcement is sometimes further broken into extrinsic or intrinsic rewards An extrinsic reinforcer has no direct relationship with the behaviour itself It is artificial and often arbitrary, such as, payment of money to the employees for new ideas Intrinsic rewards, on the other hand, are natural consequence of behaviour They create a psychologically expected

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3 Sarnoff A Mendick *Learning* Englewood Cliffs N J Prentice Hall, 1964, p 26

relationship to the behaviour itself, such as, acquisition of new skill, work performance to the capacity, assuming more responsibility, etc Extrinsic and intrinsic reinforcers are closely related with motivation process They are more applicable to learning areas, such as, training, and to more complex areas such as employee attitude.

Primary and Secondary Reinforcement

Positive reinforcers may also be classified as primary or unconditioned and secondary or conditioned. A primary reinforcer is innately satisfying to the person and directly reduces his primary motivational drive. Such reinforcers are independent of past experience As such unconditioned stimulus is an unlearned reward for the person. Examples of primary reinforcers are food, sex, etc., which satisfy physiological needs. Such rewards are used in simple learning situations Secondary reinforcement, on the other hand, depends on the individual and his past reinforcement history. Thus these are primarily learned ones Examples of such reinforcers are praise, recognition, advancement, etc Regardless of whether the positive reinforcer is primary or secondary in nature, once it has been determined that the consequence has reward values to the employees, it can be used to increase their performance.

Administering Reinforcement

As it has been established that reinforcement is necessary for learning, a manager must administer it in such a way that it has its maximum effects. If reinforcement is administered properly, it will increase the strength of desired organisational behaviour and the probability of its being repeated. Costello and Zaldkind have summarised the nature of reinforcement as follows which is very important in its administering process.

1. Some type of reinforcement (reward or knowledge of successful performance) is necessary to produce change

2. Some types of rewards are more effective for use in the organisation than others

3 The speed with which learning takes place and also how lasting its effects will be is determined by the timing of reinforcement[4]

Following aspects must be taken into account in administering the reinforcement.

1. *Selection of Reinforcement* The first step in the successful application of reinforcement procedure is to select reinforcers that are sufficiently powerful to maintain responsiveness while complex patterns of behaviour are being established and strengthened Reinforcers, particularly conditioned ones, depend upon individuals Thus what is rewarding to one person may not be rewarding to another Thus managers should look for a reward system which has maximum reinforcing consequences to the group they are supervising

2 *Contingent Designing of Reinforcement* Reinforcers should be designed

4 Costello and Zaldkind *Op cit*, p 193

in such a way that reinforcing events are made contingent upon the desired behaviour. Rewards must result from performance, and greater the degree of performance of employee, greater should be his reward. Unless a manager discriminates between employees based on their performance, the effectiveness of his power over the employees is nil. It is important that reward administered be equal to performance input of the employee Homans labels this as the 'rule of distributive justice' and states that this reciprocal norm applies in both formal and informal relationships.

3. *Reinforcement Scheduling* The reinforcement should be designed in such a way that a reliable procedure for eliciting or including the desired response pattern is established If the behaviour that manager wishes to strengthen is already present, and occurs with some frequency, then reinforcement applications can, from the outset, increase and maintain the desired performance patterns at a high level The effectiveness of reinforcement varies as a function of the schedule of its administration Thus understanding of *reinforcement administration schedule is important for managers* For administering positive and negative reinforcements, separate principles are followed

Administering Positive Reinforcement

The exact pattern and timing of reinforcement have tremendous impact on the resultant behaviour. In other words, how the reward is administered can greatly influence the specific organisational behaviour that takes place There may be conceivable arrangements of a positive reinforcement Aldis has prescribed two types of reinforcement schedules—continuous and partial.[5] Similarly, Ferster and Skinner have described four types of reinforcement schedules which are more applicable for partial reinforcement [6]

(i) Continuous Reinforcement Schedule Under this schedule, every positive behaviour is followed by a reinforcer This type of reinforcement increases positive behaviour very rapidly but when the reinforcer is withdrawn, performance decreases rapidly It is very difficult in applying in organisational context because it is not just possible to reinforce behaviour every time

(ii) Partial Reinforcement Schedule Under partial reinforcement schedule, reinforcement does not occur after every correct behaviour Though it leads to slower learning, it is more lasting as compared to continuous reinforcement Partial reinforcement schedule has much wider application in organisational behaviour This factor is extremely relevant to the observed strong resistance to changes in attitudes, values, norms, and the like Partial reinforcement may be classified further into four types

1 *Fixed Ratio Schedule* Under this schedule, a reinforcer is administered only after certain number of responses If the schedule is a fixed ratio, the exact number of responses is specified Administering reward under a fixed ratio schedule tends to produce significantly higher rate of responses. The

5 O Aldis 'Of Pigeons and Men' *Harvard Business Review*, 39, 1961, pp 59-63

6 C B Ferster and B F Skinner *Schedules of Reinforcement*, New York Appleton, 1957

person soon determines that reinforcement is based on the number of responses and performs the responses as quickly as possible in order to receive the reward. An example of fixed ratio schedule is the piece rate system of wage payment.

2. *Fixed Interval Schedule* Under this schedule, a reinforcement is given only when the desired response occurs after the passage of a specific time since the previous reinforcement. The length of interval can vary a great deal In the beginning of any learning situation, a very short interval is required. However, as learning progresses, the interval can be stretched out. Behaviour resulting from a fixed interval schedule shows uneven pattern that varies from a very slow, unenergetic behavioural response immediately following reinforcement to a very fast, vigorous immediately preceding reinforcement Example of such reinforcement is payment of wages according to time

3. *Variable Ratio Schedule.* Under this schedule, a reward is given only after a number of desired responses, with the number of responses changing from the occurrence of one reinforcer to the next. In other words, each response has a chance of being reinforced regardless of the number of reinforced or non-reinforced responses that have preceded it. Research evidence reveals that of all the variations in scheduling procedures available, this is the most powerful in sustaining the behaviour. However, this should not be applicable in organisational situation as the only plan for reinforcement scheduling.

4. *Variable Interval Schedule.* Under this schedule, the reward is given after a randomly distributed length of time rather than after a number of responses. This schedule is an ideal method for administering praise, promotion, recognition, and supervisory visits Since the reinforcement is dispensed unpredictably, variable schedules generate higher rate of responses and more stable and consistent performance.

Administering Negative Reinforcement

Negative reinforcement (punishment) is also used in learning, particularly to control undesired behavioural response Punishment may be defined as presenting an aversive or noxious consequence contingent upon a response. Thus, punishment is a method for reducing the frequency of undesired behaviour. However, the administration of punishment is very complex It becomes complex in the sense that many times, a punishment may become a reward to the person concerned and his undesirable behaviour may be reinforced As such, the understanding of its nature is very important. Kendler has observed the following nature of punishment.

1 Punishment is effective in modifying behaviour if it forces the person to select a desirable alternative behaviour that is then reinforced.

2 If the above does not occur, then the behaviour will be only temporarily suppressed and will reappear when the punishment is removed Furthermore, the suppressed behaviour may cause the person to become fearful and anxious

3 Punishment is much more effective if applied at the time when the undesirable behaviour is actually performed than at a later time.

4. Punishment must be administered with extreme care so that it does not become reward for undesirable behaviour. The termination of punishment is reinforcing just as the termination of reinforcement is punishing [7]

Thus, based on above characteristics, a person, while administering punishment, must always provide an alternative to the behaviour which is being punished. If he does not, the undesirable behaviour will tend to reappear causing fear and anxiety in the person being punished Moreover, punishment should not be used to extinguish behaviour that has previously been reinforced if the person administering the punishment is the same who previously reinforced the punishment.

ORGANISATIONAL BEHAVIOUR MODIFICATION

Organisational behaviour modification (briefly called as OB Mod) is a sophisticated tool for improving the organisational effectiveness. Derived and developed from the concept of Skinner's operant conditioning, this technique is used to modify or eliminate undesirable behaviour and replace it with behaviour that is more compatible with goal attainment. Behaviour modification concentrates on a person's overt behaviour and this allows a manager to realistically try to observe and deal with outward manifestations of behaviour. It is built around the use of rewards for observable behaviour

Steps in OB Mod

OB Mod is a tool and, therefore, for the application of this tool, the managers have to go through certain steps The various steps involved are as follows :

1. *Identification of Critical Behaviour.* In order to apply OB Mod, it is necessary that critical behaviours which have significant impact on the performance outcome of the employees should be identified Employees may be engaged in several behaviours in the organisation. Out of these, some behaviours may be critical like absenteeism or attendance, tardiness or promptness, complaints or constructive criticisms, and doing or not doing a particular task or procedure and some behaviours may not be critical like bad attitudes or goofing off. Critical behaviours may be identified through the discussion with the particular employee and his immediate superior as both are closely intimated with the job behaviours A systematic behaviour audit can also be carried on to identify such behaviour The audit would systematically analyse each job in question on the pattern of job analysis

2 *Measurement of the Behaviour* After the critical behaviours are identified, these are measured in terms of the rate at which these are occurring If the rate of occurrence is within the acceptable limit (for example, rate of absenteeism at the rate of one per cent), no action may be required. However, if it is more, it is required to be changed. Measurement of behaviours can be through either by observing and counting or by extracting from existing records.

3. *Functional Analysis of Behaviour.* Functional analysis involves a detailed

7 Howard H Kendler, *Basic Psychology,* New York . Appleton, 1968, pp 290-291

examination of present behaviours of the employees to determine what consequences each of the behaviours produces, what conditions lead to their occurrences, etc. It pinpoints one of the most significant practical problems of using an OB Mod approach to change critical performance behaviours. Since only contingent consequences of behaviour have an impact on subsequent behaviour, functional analysis must make sure that the contingent consequences are identified. Further, functional analysis often reveals that there are many competing contingencies for every organisational behaviour, therefore, the analysis must not be deluded by the contingent consequences that on the surface appear to be affecting the critical behaviour.

4. *Development of an Intervention Strategy.* Identification of critical behaviour to change and the factors that cause such behaviours will determine the action step to the development of an appropriate intervention strategy Intervention is the action taken for changing the undesirable critical behaviours Its main objective is to strengthen and accelerate desirable performance behaviours and/or weaken and decelerate undesirable behaviours. There may be many intervention strategies that can be used, but the main ones based on the principles of reinforcement, as discussed earlier, are positive reinforcement, negative reinforcement and extinction-positive reinforcement. The strategies selected must be appropriate to the situation and should produce the desired result.

5. *Systematic Evaluation* The final step in OB Mod is the systematic evaluation whether the intervention strategies are working properly or not. Since the basic purpose of OB Mod is to bring change in undesirable behaviours so as to improve performance, the evaluation must be made on this line. Changed behaviours can be compared with baseline behaviours and deviations can be noted If there is positive change, it suggests that the strategies are successful. However, if the change is not significant, it may call for adoption of more appropriate strategies.

Contributions of OB Mod

OB Mod has been applied successfully in many organisations starting from service organisations to manufacturing organisations, ranging from some people in the organisation to the entire organisation The major strengths of OB Mod are as follows ·

1. It deals with observed behaviours. Therefore, it can be put to testing.

2 OB Mod presents a set of tools by which people can learn new behaviours and skills thereby replacing undesirable behaviours by desirable behaviours

3. It provides managers various tools for effectively controlling and influencing the behaviours of employees in the organisation.

4 The understanding of OB Mod techniques are comparatively easy Therefore, managers can use these without much problems.

Criticisms of OB Mod

OB Mod has been applied in many organisations with very encouraging results about improving morale of employees and increased

profit. However, because OB Mod has only recently been applied to industrial settings, few criticisms have been made against this. Such criticisms can be divided into three categories · metaphysical, theoretical and general, and practical

1. *Metaphysical and Ethical Problems* The critics of OB Mod suggest that this technique is an applied rat morphism and tends to equate human beings with rats The basic reason of this criticism is that Skinner's operant conditioning principles were developed after a series of experiments with white rats On ethical ground, the main objections against OB Mod are as follows :

(i) OB Mod techniques ignore the individuality of man and constitute a threat to the concept of personal autonomy. These techniques are employed to manipulate and control the human beings into another person's concept of ideal person

(ii) Behaviour modification restricts freedom of choice of behaviour Therefore, this works against the concept of creativity and innovation. Such things are required for successful working of the organisations

(iii) The idea of changing behaviour through reinforcement under OB Mod tantamounts to bribery as some reward is presented when the person shows the behaviour according to the wishes of the change agent.

2. *Theoretical and General Problems* There have been some criticisms on theoretical ground particularly on the basis that conceptualisation of OB Mod process is highly oversimplified and many variables affecting human behaviour have not been considered The main criticisms in this category are as follows ·

(i) The OB Mod is based on a simple principle of conditioning The assumption is made that individual behaviour is a function of, or is controlled by environmental stimuli, and that forces internal to the individual have little effect on operant behaviour. However, empirical evidence suggests that operant behaviour is also a function of certain cognitive and affective variables residing in the individual like perception, beliefs, expectations, etc. These variables have not been considered in OB Mod

(ii) OB Mod cannot be considered an innovative and new technique of management It is just like old wine in new bottle and new name has been given to the old concepts In past many techniques of behaviour modification have been in practice.

3. *Practical Problems* Application of OB Mod presents some practical problems in organisations because organisational settings are different than those in experimental laboratories Behaviour modification has been applied primarily with such groups as younger students in schools, delinquents in institutions, patients with varying behavioural disorders, and mentally retarded. All these applications have several things in common like *(i)* subjects are dependent upon the therapists, *(ii)* they are submissive to the therapists; *(iii)* they have short- time perspectives , and *(iv)* they perform only those tasks which are assigned to them In order to apply behaviour modification,

these conditions should be prevalent in organisational settings. However, organisational settings are different than laboratory settings and, therefore, behaviour modification cannot be applied in organisational settings as applicable to laboratory.

No doubt, OB Mod has been criticised both on theoretical and practical grounds; however, its usage has been increasing in business organisations This technique can be applied in areas of human resource management, resocialisation of workers, management by objectives, personnel development, job design, compensation and alternative rewards, facilitating change by positively reinforcing behaviour, and organisational design. The various criticisms point out that management should take care of the shortcomings of the technique while applying it in the organisation Thus, this technique should not be treated as panacea for all organisational behaviour problems but must be applied within the context of its limitations and shortcomings

DISCUSSION QUESTIONS

1 Analyse the role of learning theory for understanding human behaviour

2 What are the various elements of learning ? Can learned behaviour be forgotten ?

3 Discuss the nature of classical conditioning and operant conditioning What are the differences between these ?

4 What is the role of reinforcement in learning ? How should reinforcement be administered so as to bring maximum desirable behaviour ?

5. What is the concept of organisational behaviour modification ? What are the controversies surrounding the behaviour modification approach in practice ?

6 Critically examine behaviour modificatiuon theory and its application in work organisation

6

Personality

Theme

To understand personality as a determinant of individual behaviour

To understand personality traits of Indian managers relevant for OB

To understand theories of personality formation and development

Personality factors are extremely important in organisational setting. While perception, learning, and motivation deal with some specific aspects of human behaviour, personality takes the whole man concept because it affects the various psychological processes. James opines that it is better to consider the individual aspects of a person's make-up as bricks and personality as the whole house built of bricks, but held together with cement.[1]

Though the term personality is frequently used by people but there does not seem to be any consensus about its meaning. It may mean different things to different people. To some, it means a general sum of traits or characteristics of the person ; to others, it refers to a unitary mode of response to life situations. Thus there prevails a great deal of controversy over the meaning of personality. In fact Allport has identified fifty different definitions of the term. He has categorised them into five areas as follows :

1. *Omnibus.* These definitions view personality as the sum-total, aggregate, or constellation of properties or qualities.

2. *Integrative and configurational* Under this view of personality, the organisation of personal attributes is stressed.

3. *Hierarchical.* These definitions specify the various levels of integration or organisation of personality.

4. *Adjustment.* This view emphasises the adjustment (adaptation, survival, and evolution) of the person to the environment

5. *Distinctiveness.* The definitions for this category stress the uniqueness of each personality.[2]

Drawing from these approaches, he has offered the definition of personality as such. Personality is the dynamic organisation within the individual of those psychological systems that determine his unique adjustment to his environment.[3] However, this definition does not give a

1 D E James, *Introduction to Psychology,* London Constable, 1968, p 219

2 Gordon W Allport, *Personality,* New York Henry Holt, 1937, pp 43-47

adjustment to the environment.[3] However, this definition does not give a complete picture of personality, and to get its complete picture, a further probe is necessary.

The term personality has been derived from Latin work 'per sonare' which means 'to speak through'. This Latin term denotes the masks which the actors used to wear in ancient Greece and Rome. Thus personality is used in terms of influencing others through external appearance. However, mere external appearance, though important for personality characteristics, does not make the whole personality. According to Ruch, personality should include . *(i)* external appearance and behaviour or social stimulus value ; *(ii)* inner awareness of self as a permanent organising force ; and *(iii)* the particular pattern or organisation of measurable traits, both inner and outer [4]

Taking these aspects together, personality may be defined in terms of organised behaviour as predisposition to react to a given stimulus in a particular manner. this may be in the form of consistent response to environmental stimuli. The unique way of responding to day to day life situations is the heart of human behaviour. Accordingly, personality embraces all the unique traits and patterns of adjustment of the individual in his relationship with others and his environment. This implies not only the structuring of personality but its dynamic qualities as well Personality represents a process of change and more precisely it relates to the psychological growth and development of the individual. Bonner provides six propositions to classify the nature of personality within the context of change and development : *(i)* human behaviour is composed of acts ; *(ii)* personality visualised as a whole actualises itself in a particular environment ; *(iii)* it is distinguished by self consistency ; *(iv)* it forms a time intergrating structure ; *(v)* it is a goal directed behaviour ; and *(vi)* it is a process of becoming. [5]

PERSONALITY THEORIES

Many personality theorists not only from the field of psychology but even from other fields dealing with human behaviour also, have carried on researches to find answers to the question : What is personality ? What does personality constitute ? How is behaviour governed by personality ? The various theorists, however, could not give the answers on which consensus could be reached , rather these have resulted into a number of theories of personality. Just as everyone has his own definition of personality, practically everyone has his own theory of personality. Thus grouping the various theories and labelling the various categories becomes a difficult task Each theorist cannot really be grouped with another, even though he may have operated from similar positions. However, the most logical grouping of personality theories seems to be into psychoanalytic, socio-psychological, trait factor, and holistic theories.

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3 *Ibid*, p 48

4. Floyd L Ruch, *Personality and Life,* Chicago Scott Foresman, 1963, p 353

5 H. Bonner, *Psychology of Personality,* New York Ronald Press, 1961 pp 38-40

1. Psychoanalytic Theory

Psychoanalytic theory is based on the notion that man is motivated more by unseen forces than he is controlled by conscious and rational thought. Although Sigmund Freud is most closely related with this theory, others, such as Carl Jung, Alfred Adler, Karen Horney, and Eric Fromm, who all broke from Freud, made additional contributions Clinical techniques were used primarily to develop psychoanalytic theory. Freud noted that his patients' behaviour could not always be consciously explained. This clinical finding led him to conclude that major motivating force in man was unconscious framework. This framework contains three aspects, though interrelated but often conflicting. These are id, ego and super ego. They are so interrelated that they can only be artificially separated for individual study and analysis

(i) The Id. The id is the source of psychic energy and seeks immediate gratification for biological or instinctual needs Freud believed that instinct could be classified under life-instincts and death-instincts Life-instincts are hunger, thirst, and sex; the energy involved in their activity is the libido. The id would proceed unchecked to satisfy motives, particularly the sexual relations and pleasures, were it not for the channeling activity into acceptable ways by the ego As an individual matures, he learns to control the id. But even then, it remains a driving force throughout life and an important source of thinking and behaving

(ii) The Ego The ego is the conscious and logical part of the human personality and is associated with the reality principle While id represents the unconscious part, ego is conscious. Thus ego keeps the id in check through the realities of the external environment through intellect and reason. Out of the functioning of the id and ego, many conflicting situations arise because id wants immediate pleasure, while ego dictates denial or postponment to a more appropriate time and place. In order to resolve the conflict, the ego gets support from the super ego.

(iii) The Super Ego. The super ego represents societal and personal norms and serves as an ethical constraint on behaviour. It can best be described as the conscience. The super ego provides norms to ego to determine what is wrong or right. However, a person is not aware of the working of the super ego, and conscience is developed by absorption of cultural values and norms of society.

The psychoanalytic theory of Freud is based on a theoretical conception, rather than a measurable item for scientific verification. The theory does not give a total picture of behaviour emerging from the personality. That is why this theory is not very relevant from behavioural science point of view. However, this theory gives an important insight into ersonality structure and the idea of unconscious motivation which can be ed by behavioural scientists

Socio-psychological Theory

Socio-psychological personality theory recognises the interdependence of the individual and society. The individual strives to meet the needs of

the society, while society helps the individual to attain his goal. Out of this interaction, the personality of an individual is determined Thus the theory is not exclusively sociological but rather a combination of the two The names associated with this theory are Adler, Horney, Fromm, and Sullivan.

Socio-psychological theory differs from psychoanalytic theory in two respects. First, social variables, and not the biological instincts, are the important determinants in shaping personality. Second, behavioural motivation is conscious; man knows his needs and wants, and his behaviour is directed to meet these needs.

The theorists accept that socio-psychological factors determine personality; however, there is no general agreement as to the relative importance of social variables. For example, Fromm emphasised the importance of social context, while Sullivan and Horney stressed inter-personal behaviour, and Adler employed different variables Horney's model suggests that human behaviour results from three predominant interpersonal orientations—compliant, aggressive, and detached Compliant people are dependent on other people and move toward others. Aggressive people are motivated by the need for power and move against others. Detached people are self-sufficient and move away from others [6] Socio-psychological theory offers, to a very great extent, the answer to the problems of emergence of psychology, particularly in terms of the influence of social factors in shaping personality The managers in the organisations can take clue from this theory in shaping the behaviour of their employees. However, they cannot get a total picture of human behaviour as determined by personality.

3. Trait Factor Theory

Trait factor theory represents a quantitative approach to the study of personality. This theory postulates that an individual's personality is composed of definite predispositional attributes called traits. A trait may be defined as any distinguishable, relatively enduring way in which one individual differs from another. Thus traits can be considered as individual variables.

There are basically three assumptions of this theory.

1. Traits are common to many individuals and vary in absolute amounts between individuals

2 Traits are relatively stable and exert fairly universal effects on behaviour regardless of the environmental situation Thus a consistent functioning of personality variables is predictive of a wide variety of behaviours

3. Traits can be inferred from the measurement of behavioural indicators

Two most widely trait theories come from the work of Allport and Cattell. Allport bases his theory on the distinction between common traits and personal dispositions Common traits are used to compare people He has

6 Karen Horney, *Neurotic Personality of Our Times*, New York Norton, 1937

identified six categories of values - religious, social, economic, political aesthetic, and theoretical for comparative purpose. Besides the common traits, there are personal dispositions which are completely unique. These are cardinal (most pervasive), central (unique and limited in number) or secondary (peripheral). This uniqueness emphasises the psychology of the individual that Allport has developed.[7]

Cattell has developed a similar set of traits through the construction of tests and the determination of factors or trait families which may emerge from these psychological measures However, he has taken a different approach from Allport. He has identified two categories of traits—surface traits and source traits He determined thirty-five surface traits by finding cluster of traits that are correlated. For example, wise-foolish, affectionate-cold, sociable-seclusive, honest-dishonest, and so on Such traits lie on the surface of the personality and are largely determined by the underlying source traits. He identified twelve source traits. Examples of such traits are affectothymia (good nature and trustfulness) *versus* sizothymia (critical and suspicious) ; ego strength (maturity and realism) *versus* emotionality and neuroticism (immaturity and evasiveness) : dominance *versus* submissiveness : surgency (cheerfulness and energy) *versus* desurgency (depressed and subduded feelings).[8]

Trait factor theory gives recognition to the continuity of personality. This theory is based on personality research. In this research typical study attempts to find a relationship between set of personality variables and assorted behaviour This contributes personality tests to the behavioural science. However, this theory is very descriptive rather than analytical, and is a long way from being comprehensive theory of personality.

4. Self Theory

The psychoanalytic, socio-psychological, and trait theories of personality represent the more traditional approaches to explaining the complex human personality. Self theory, also termed as organismic or field theories, emphasises on the totality and interrelatedness of all behaviour. This approach treats the organism as a whole to a greater degree than do any of the other theoretical formulations Though there are many contributors, notably Maslow, Herzberg, Lewin, etc., the most important contribution comes from Carl Rogers. His self theory of personality is very relevant in organisational behaviour. He defines the self concept as organised consistent, conceptual, gestalt composed of perceptions of the "I" or "me" and the perceptions of the relationships of the "I" or "Me" to others and to various aspects of life, together with the values attached to these perceptions.[9] There are four factors in self concept.

(i) Self-image. Self-image is the way one sees oneself. Every person has

7. Allport, *Op cit.*

8. Raymond B. Cattell, *The Scientific Analysis of Personality*, Chicago, Aldine Publishing, 1965.

9. Carl C. Rogers, *Counselling and Psychotherapy : New Concepts in Practice*, Boston : Houghton, 1942.

certain beliefs about who or what he is ; taken together, these beliefs are a person's self-image or identity. Erikson has defined identity as 'a life-long development largely unconscious to the individual and his society. Its roots go back all the way to the first self-recognition : in the baby's earliest exchange of smiles, there is something of a self-realisation coupled with a mutual recognition.'[10]

(ii) Ideal self. The ideal self denotes the way one would like to be. The ideal-self differs from self-image in the fact that the self-image indicates the reality of a person as perceived by him, while ideal-self indicates the ideal position as perceived by him. Thus there may be a gap between these two characteristics. The ideal-self is important in stimulus selectivity because a person will select those stimuli for processing which fit in with the characteristics of his ideal-self

(iii) Looking glass-self The looking glass self is the perception of a person about how others are perceiving his qualities and characteristics. This is the perception of others' perception, that is, the way one thinks people perceive about him and not the way people actually see him Looking glass-self is predominantly a social product which emerges from face-to-face interaction with others from the very beginning of the life. This interaction is directed towards cues about how others see him as an individual Thus beliefs about self are in large measure a reflection of others' perception about the person.

(iv) Real self. The real-self is what one really is. The first three aspects of self-concept are the functions of individual perception and they may be same, or different, as the real self. An individual's self-image is confirmed when other persons' responses to him indicate their beliefs about who and what he corresponds with. In the face of feedback from the environment, the person re-evaluates himself and readjusts his self image to be more consistent with the cues he was receiving. Thus there is a mutual recognition of his real self, and the validity of his self-image is confirmed.

A person's self-concept gives him a sense of meaningfulness and consistency. Gellerman observes that 'the average individual is not particularly well acquainted with himself, so to speak, but he remains quite faithful to his not-so-accurate image of himself and thereby acquires some consistency'. In analysing organisational behaviour, the self-concept plays a very significant role As discussed earlier, a person perceives a situation depending upon his self-concept which has a direct influence on his behaviour. This implies that person with a different self-concept needs different types of managerial practices.

DETERMINANTS OF PERSONALITY

The study of determinants of personality forms an empirical approach to personality development. Various determinants of personality have been categorised in several ways. McClelland has categorised them into four fundamental theories—traits (acquired propensity to respond), schema (beliefs,

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10 E Erikson, 'The Problem of Ego Identity', in Stein *Et al (eds) Identity and Anxiety*, New York Free Press, 1960, p 47

frame of reference, major orientations, ideas, and values), motives (inner drives), and self schema (observation of one's own behaviour).[11] Similarly, Scott and Mitchell have classified various determinants into heredity, groups, and cultural factors, both physiological and psychological which play important role in human personality.[12] These factors are interrelated and interdependent. However, for the purpose of analysis, these can be classified into four broad categories–*biological, family, cultural and situational*. Such classification is extremely helpful in understanding personality of people and their behaviour in the organisations

1. Biological factors

The general biological characteristics of human biological system influence the way in which human being tends to sense external event data, interpret, and respond to them The study of the biological contribution to personality can be divided into three major categories–heredity, brain, and physical stature.

(i) Heredity Heredity is the transmission of the qualities from ancestor to descendant through a mechanism lying primarily in the chromosomes of the germ cells. Heredity predisposes to certain physical, mental, and emotional states. It has been established through research on animals that physical and psychological characteristics can be transmitted through heredity. However, such a conclusive proof is not available for human beings, though psychologists and geneticists have drawn the conclusion that heredity plays an important role in personality

(ii) Brain. The second biological factor is brain which is supposed to play role in personality. The structure of brain determines personality, though no conclusive proof is available so far about the role of brain in personality formation.

(iii) Physical Features The third biological factor determining personality formation is physical characteristics and rate of maturation. An individual's external appearance, which is biologically determined, is an important ingredient of personality. In a narrow sense, personality is referred to physical features of a person. However, it is not true if we take a comprehensive view of the personality. A person's physical features have some influence on his personality because he will effect influence on others and , in turn, will affect his self-concept. Mussen observes that 'a child's physical characteristics may be related to his approach to the social environment, to the expectancies of others, and to their reaction to him. These, in turn, may have impacts on personality development'.[13] Similarly the rate of maturation also affects personality because persons of varying maturity are exposed to different physical and social situations and activities differently.

2. Family and Social Factors

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11 David C McClelland, *Personality*, New York William Sloam, 1951

12 W G Scott and T R Mitchell *Organisation Theory*, Homewood Ill Richard D Irwin 1972, p 91

13 Paul H Mussen, *The Psychological Development of Child*, Englewood Cliffs N J Prentice-Hall, 1963, pp 60-61

The development of the individual proceeds under the influence of many socialising forces and agencies, from nuclear family to more distant or global groupings Family and social groups have most significant impact on personality development These groups have their impact through socialisation and identification processes.

(i) Socialisation Process. Socialisation is a process by which an individual infant acquires, from the enormously wide range of behavioural potentialities that are open to him at birth, those behaviour patterns that are customary and acceptable according to the standards of his family and social groups, Socialisation process starts with initial contact between mother and her new infant Later on, other members of the family and social groups influence the socialisation process

(ii) Identification Process The identification process occurs when a person tries to identify himself with some person whom he feels ideal in the family. Generally a child in the family tries to behave like his father or mother The identification process can be examined from three different perspectives First, identification can be viewed as the similarity of behaviour (including feelings and attitudes) between child and model Second, identification can be looked as the child's motives or desires to be like the model. Third, it can be viewed as the process through which the child actually takes on the attributes of the model.

Socialisation and identification process is influenced by home environment, family members, and social groups.

(iii) Home Environment Total home environment is a critical factor in personality development. For example, children with markedly institutional upbringing or children in a cold, unstimulating home have a much greater potential to be emotionally maladjusted than children raised by parents in a warm, loving, and stimulating environment The key variable is not the parents *per se* but rather the type of environment that is generated for the child

(iv) Family Members Parents and other family members have strong influence on the personality development of the child Parents have more effect on the personality development as compared to other members of the family. The study by Newcomb showed the high correlation between attitudes of parents and children with a further consistency in patterns The relationship between parents and children was higher than that between the children and their teachers [14] Besides parents, siblings (brothers and sisters) also contribute to personality

(v) Social Groups. Besides a person's home environment and family members, there are other influences arising from the social placement of the family as the person is exposed to agencies outside the home, particularly the school, friendship, and other work groups. Similarly, socio-economic factors also affect personality development

14 T Newcomb, 'Intrafamily Relationship in Attitude', *Sociometry*, 1, 1937, pp 180-205

3 Cultural Factors

Culture is the underlying determinant of human decision-making. It generally determines attitudes towards independence, aggression, competition, and co-operation Each culture expects and trains its members to behave in the ways that are acceptable to the group. To a marked degree, the child's cultural group defines the range of experiences and situations he is likely to encounter and the values and personality characteristics that will be reinforced and hence learned. Despite the importance of cultural contribution to the personality, a linear relationship cannot be established between personality and a given culture One problem stems from the existence of numerous subcultures within a given culture Thus workers are not influenced by the same culture as managers are

4. Situational Factors

Apart from the biological, sociological, and cultural factors, situational factors also determine personality development The S—O—B model of human behaviour considers the situations under which the behaviour is occurring. Migram's research study suggests very powerful role the situation may play in human personality. On the basis of his research study, he states that 'a situation exerts an important press on the individual. It exercises constraints and may provide push In certain circumstances, it is not so much the kind of person a man is, as the kind of situation in which he is placed, that determines his actions. For example, a worker whose personality history suggests that he had need for power and achievement, may become frustrated and react apathetically and aggressively if he is put in a bureaucratised work situation Thus he may appear lazy and trouble-maker though his personality history may suggest that he is very hard working and striving to get ahead Thus because of changed situation, his personality composition changes. This aspect is very important for organisational behaviour because a manager has control over the organisational situation

PERSONALITY AND BEHAVIOUR

Personality has key influence on work performance In jobs, particularly with high human relations content, where most of the working day is spent interacting with other people, personality is a major determinant of what will be done and how it will be done. Each man's personality reveals itself in the way he works with his superior, his subordinates, and other people As a result, when the incumbent on a job changes, everyone has to adjust to a whole series of changes in the way work is accomplished The result is that the organisation functions differently from the way the designers of the structure envisioned, and what organisation really is reflects the personality of those who hold key jobs. This affects the individual performance, and consequently organisational performance Some of the important personality factors that determine what kind of performance will be achieved or what kind of behaviour is exhibited at work are self concept and self esteem, need patterns, machiavellianism, locus of control, tolerance for ambiguity, type

A and B personalities, introversion-extroversion, and work-ethic orientation

1. *Self Concept and Self Esteem*

Self concept is the way individuals define themselves as to who they are and derive their sense of identity Self esteem denotes the extent to which they consistently regard themselves as capable, successful, important, and worthy individuals Self esteem is an important personality factor that determines how managers perceive themselves and their role in the organisation People with high self esteem tend to take on more challenging assigments and contribute significantly to the organisational effectiveness if the organisation rewards them suitably for their contributions

2. *Need Patterns*

According to the personality characteristics, there are four types of needs that people have at work These are needs for achievement, affiliation, autonomy, and dominance. Those who have high need for achievement engage themselves proactively in work behaviour in order to feel proud about their achievements and successes; those having high need for affiliation work co-operatively with others; those having high need for autonomy like to work in an environment with less close supervision; and those with high need for dominance are very effective in an environment where they can actively enforce their legitimate authority.

3. *Machiavellianism*

Machiavellianism refers to manipulation of others as a primary way of achieving one's goals Mach scale measures the extent to which an individual tends to be machiavellian People with high score on mach scale, tend to be cool, logical in assessing the system around them, willing to twist and turn facts to influence others, and try to gain control of people, events, and situations by manipulating the system to their advantage

4. *Locus of Control*

Locus of control means whether people believe that they are in control of events, or events control them. Those who have internal locus of control believe that they control and shape the course of events in their lives, those who have external locus of control tend to believe that events occur purely by chance or because of factors beyond their own control Former category of people seek opportunities for advancement, and rely more on their abilities and judgement at work; while latter category of people remain mostly inactive and allow the events occur on their own.

5 *Tolerance for Ambiguity*

Based on personality characteristics, some people can tolerate high level of ambiguity without experiencing undue stress and still function effectively while people who have a low tolerance for ambiguity may be effective in structured work setting but it is almost impossible to operate effectively when things are rapidly changing and much information about the future turn of events is not available Generally managers have to work in an environment full of uncertainty because of rapid change, therefore, they have to develop high level of tolerance for ambiguity

6. *Type A and B*

Personality has been grouped into two categories denoted by alphabets A and B. Type A people always feel a sense of time urgency, are highly achievement-oriented, exhibit a competitive drive, and are impatient when their work is slowed down for any reason Such people are more prone to heart attack. On the other hand, type B people are easy-going, do not have urgency for time and do not experience the competitive drive.

7. *Introversion and Extroversion*

Introversion is the tendency in individuals which directs them to turn inward and experience and process feelings, thoughts and ideas within themselves Extroversion refers to the tendency in individuals to turn outward of themselves searching for external stimuli with which they can interact. Introverts are quiet, reflective and intellectual people who prefer to interact with a small intimate circle of friends. They are more likely to be successful when they can work on highly abstract ideas such as research and development in a relatively quiet atmosphere. Extroverts, on the other hand, are sociable, lively, gregarious, and seek outward interaction. they are likely to be more successful working in the sales activities, publicity department, personal relations unit, and so on where they can interact face to face with others

8 *Work-ethic Orientation*

People may have different work-ethic orientation. The extremely work-ethic oriented people get greatly involved in the job and live up to being described as living, eating and breathing the job. For such people, work becomes the only consideration of satisfaction and they have very little outside interests On the other hand, people with low work-ethic orientation try to do the minimum that is necessary to get without being fired on the job. For effective organisations, people with high work-ethic orientation are necessary as compared to extremely high or low work-ethic orientation because the extremely high work-ethic oriented people will burn their energy too quickly creating lot of health problems thus affecting long-term organisational effectiveness adversely, while people with low work-ethic orientation will not be able to achieve anything meaningful for the organisation.

Based on the above discussion, some conclusions can be drawn about the desirable personality characteristics for effective managers. Apart from possessing the necessary managerial skills and abilities, managers need to have high level of self concept, high level of tolerance for ambiguity, A type of personality, good mix of needs for achievement, affiliation and power, internal locus of control, are relatively extroverts, and have high work-ethic orientation.

PERSONALITY TRAITS OF INDIAN MANAGERS

Personality traits are highly correlated with managerial performance Therefore, it is desirable to have a glimpse of personality traits of Indian managers. However, it is not as simple because the various studies disclose the varying results and it is very difficult to have a generalisation

A study on perception of personality traits of managers (22 managers from public sector and 30 from private sector) shows that managers have given relatively high importance to co-operative, intelligent, energetic, and sociable; low importance to aggressive, dominant, conforming, independent, and poised ; and such personality factors as flexible, persevering, original, and self-controlled are placed in between The correlation coefficient between personality traits of public sector and private sector managers was 90 [15]

Ghosh and Munerikar have found that Indian managers are some what emotional, casual, sensitive, tough, tense, and group dependent.[16] These personality characteristics of managers can be analysed in terms of their work behaviour. Menon has found, on the basis of a study of 26 managers, persons who are aggressive, less security minded, more communicative, less anxious, more imaginative, less dependent. high achievement-oriented, less cynical, more open-minded, less angry, more work-oriented, less depressed, less inhibited, more energetic, more status-oriented, more risk-taking, more money-oriented, and more sensitive seem to develop attitudes favourably towards their organisations [17] Ghosh and Munerikar, in a different study of similarities and differences in personality characteristics of managers have found that Indian managers are shy, aloof, emotional, anxious, tense, and excitable on the one hand; and on the other, independent and indifferent but resourceful with moderate self-sentiment. As compared to this, they have found that American managers are more matured, calm, somewhat suspicious, talkative, and persistent.[18] Patil and Munerikar, in a study of 55 managers, have found that they are active, ambitious, relaxed, self confident, and somewhat depressed.[19] Sen has studied the 15 personality traits of 25 senior executives in a commercial bank and found that dominance, order, deference, achievement, and introspection are the main characteristics of these executives [20]

Saiyadain and Monappa conducted a survey on various facets of the life and work of 172 middle level managers from both public and private sector organisations representing various functional areas On two personality characteristics, *viz.*, authoritarian (traits like rigidity, lack of tolerance, dominance over weak and submission to powerful, adherence to connections, and traditional values) and machiavellianism (traits like being cool and

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15 R S Dwivedi, 'The Relative Importance of Personality Traits among Indian Managers' *Indian Management*, April, 1970, pp 30-35

16 P K. Ghosh and Munerikar, 'In Search of Personality Characteristics of Managers,' *Indian Journal of Applied Psychology*, January 1974, pp 1-6

17 S A Menon, 'Personality, Executive Training, and Organisation', *Indian Journal of Industrial Relations*, July 1974, pp 33-54

18 Ghosh and Munerikar, 'Similarities and Differences in Personality Characteristics of Indian Managers', *Indian Journal of Applied Psychology*, April 1975, pp 65-70

19 V Patil and Munerikar, 'The Profile of Indian Executives Using MMPI,' *Indian Journal of Applied Psychology*, January 1976, pp 16-20

20 A Sen, 'A Study of the Personality Make-up and Off the Job Activities in a Group of Executives,' *Indian Journal of Applied Psychology*, January 1976, pp 42-46

detached in manner, manipulative, and indifferent to individual needs), the study disclosed that there is an equal distribution of those on the high side and those on the low side of the scale; whereas two-thirds of the managers have scores higher than average on such personality traits as competence and need for achievement.[21]

The results of these studies show quite contradictory conclusions, and hence no generalisations are possible as indicated earlier. The basic question is : Can managers take some advantage from these results ? The answer is perhaps not much. This is so because of lack of uniformity of results. Thus in applying the personality factors at the workplace, they have to identify the personality variables of their own employees. The analysis of personality factors has much more significance at the time of selection of employees because there is a high relationship between specific job requirements and personality traits Thus universal personality traits might not be suitable for all types of work. The personality theory will help the managers to analyse what jobs require what types of personality traits in their employees.

DISCUSSION QUESTIONS

1 What is personality ? What are its major determinants ?

2 What are the various theories of personality ? How will you integrate various theories to get a satisfactory theory of personality ?

3 What are the various factors which affect personality development of an individual ?

4 Is there any relationship between personality and performance in organisational setting ? Discuss this relationship

5 Identify some of the major personality traits of Indian managers. Can a manager use such traits in shaping his actions for better results in the organisation ?

21 M S Saiyadain and Arun Monappa, *Profile of Indian Managers,* New Delhi . Vidya Vahini, 1977

7

Attitudes

Theme	
To understand how attitudes affect human behaviour ;	To identify how attitudes are developed so that managers can affect attitudes by controlling various factors

Attitudes are a major factor affecting behaviour. They influence the perception of objects and people; exposure to and comprehension of information, choice of friends, co-workers and so on The importance of attitudes in understanding psychological phenomenon was given formal recognition early in the history of social psychology. From the time of the concept's entry into the language of psychology until now, interest in attitudes has been strong and growing However, over the years attitudes have been studied with differing emphases and methods. For example, between the 1920s and up to World War II the attention of attitude researchers was directed principally towards definitional issues and attitude measurement. In addition, there were studies concerned with relationship of attitudes to some social variables World War II brought with it a growing concern about the place of the attitude concept in understanding prejudice, particularly anti-semitism. This period also brought the measurement of attitudes and opinions concerning various facts of soldiering and war. After the war, the subject of attitudes was taken up by academicians, particularly in the context of attitude change Till now, the researchers have developed a loosely structured theoretical framework formulating the psychological processes underlyings attitude change and the direct application of the study of attitudes to contemporary social problems.

Concept of Attitudes

It is necessary to be precise in defining attitudes, because the variety of published definitions and descriptions is almost endless. Like any other concept, attitudes may also be defined in two ways—conceptual and operational Even there is quite a difference in the conceptual definition of the term attitude, and divergent points of view regarding the concept of attitude have developed. The researchers on attitudes tend to define the term on two major aspects : set and readiness, and effect and evaluation

When the term attitude first entered in the field of social phenomenon, it was natural to conceive of attitude as a tendency, set, or readiness to respond to some social object For the first time, Allport noted that all the definitions of attitude which he had observed contained the words 'readiness', 'set' (tendency to respond), or 'disposition to act' Even Allport has used these terms

in defining attitude. He defines attitude as a 'mental and neural state of readiness, organised through experience, exerting a directive or dynamic influence upon the individual's response to all objects and situations with which it is related.[1] From this point of view, attitude implies a heightened responsiveness to certain stimuli.

Many researchers have defined attitude in terms of effect and evaluation. For example, Krech and Crutchfield define attitude as an 'enduring organisation of motivational, emotional, perceptual, and cognitive processes with respect to some aspect of the individual's world.[2] Thus attitudes are beliefs imbued with emotional and motivational properties and are expressed in a person's favourability towards an object. The evaluative nature of attitudes is also emphasised by Katz and Scotland when they define attitude as 'a tendency or predisposition to evaluate an object or symbol of that object in a certain way.[3] Evaluation consists of attributing goodness-badness or desirable-undesirable qualities to an object.

Apart from the conceptual approach, there is operational approach in defining the term attitude The concept of attitude is operationalised in a number of ways but in most cases, studies rely on some kind of questionnaire to measure attitudes. Taking attitudes from this point of view, only evaluative aspect of attitudes has been taken into account. For example, Fishbein has noted that most measures of attitudes tap an underlying dimension of favourability-unfavourability and, therefore, attitudes should be regarded as synonymous with evaluating meaning[4] Thus in practice, 'the term attitude often is used in a generic sense to any reports of what people think or feel or the ways in which they intend to act[5]

Attitude, Opinion and Belief

There are certain other terms, such as opinion and belief, which are used quite closely with attitudes However, there is a basic difference in these terms An opinion is generally the expression of one's judgement of a particular set of facts, an evaluation of the circumstances presented to him Thurstone defines opinions as expressions of attitudes[6] However, Kolasa observes that 'an opinion is response to a specifically limited stimulus, but the response is

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1 Gordon W Allport, 'Attitudes', in C Murchison (ed) *Handbook of Social Psychology,* Worcester, Mass Clark University, 1935, p 798

2 D Krech and R S Crutchfield, *Theory and Problem of Social Psychology,* New York McGraw-Hill, 1948

3. Daniel Katz and E Scotland, 'A Preliminary Statement to a Theory of Attitude Structure and Change,' in S Koch (ed) *Psychology A Study of a Science,* New York McGraw-Hill, 1956, p 425

4 M Fishbein, (ed) *Readings in Attitude Theory and Measurement,* New York John Wiley, 1967, p 257

5 Samuel Himmelfarb and Alice H Eagly, (eds) *Readings in Attitude Change,* New York John Wiley, 1974, p 8

6 L L Thurstone, 'Attitudes can be Measured,' *American Journal of Sociology,* No 33, 1928, pp 529-554, quoted in Earnest J McCormick and Joseph Tiffin, *Industrial Psychology,* New Delhi Prentice Hall of India, 1979, p 276

certainly influenced by the predisposition with which the individual is operating, that is, the attitude structure. Undoubtedly attitudes are basic to opinions as well as to many other aspects of behaviour.[7] Although attitudes tend to be generalised predisposition to react in some way towards objects or concepts, opinions tend to be focused on more specific aspects of the object or the concept. McCormick and Tiffin observe that 'the measurement of attitudes is generally based on the expressions of opinions. But we should distinguish between attitude scale which, like a thermometer or barometer, reflects the generalised level of individuals' attitudes towards some object or concept, and opinion surveys, which typically are used to elicit the opinions of people toward specific aspects of, for example, their work situation.[8]

A difference can also be made between attitude and belief. A belief is 'an enduring organisation of perceptions and cognitions about some aspects of individual's world'.[9] Thus belief is a hypothesis concerning the nature of objects, more particularly, concerning one's judgement of the probability regarding their nature. In this sense, belief is the cognitive component of attitude which reflects the manner in which an object is perceived. Kolasa observes that 'beliefs are stronger than opinions ; we hold them more firmly than we do the more changeable evaluations of minor or transitory events represented by opinions. Beliefs are less affected by the pra or con positions fundamental in attitudes than are opinions, but all three aspects may influence the others '[10]

The difference between attitudes, opinions, and beliefs exist on conceptual basis. Most researchers believe that these three terms are so closely tied that it is difficult to separate them except on a limited conceptual basis. In the literature, often, there is considerable amount of overlapping in these three terms. Most psychologists, however, believe that attitudes are more fundamental to human behaviour than are the related aspects. For this reason, more attempts have been made to analyse attitudes as compared to others

Attitudes and Behaviour

As discussed earlier, individual's behaviour is not a simple and direct stimulus-response relationship, rather it is affected by the individual concerned, as is explained by S-O-B model The work situation is interpreted by the individual, and attitudes play an important part in which the situation is interpreted. Only after individual's interpretation and comparison does the response occur. This means that response expected of a purely objective and rational consideration of the work situation and its characteristics may not be the actual response of the individual. His response depends completely on how he interprets the situation and on his own personal attitudes towards the situation. Obviously attitudes are an important consideration because of

7 Blain J Kolasa, *Introduction to Behavioural Science for Business*, New Delhi, Wiley Eastern, 1970, p 386

8 McCormick and Tiffin, *Op cit*, p 276

9 Krech and Crutchfield, *Op cit*

10 Kolasa, *Op cit*, p 276

their central position in the process transforming work requirements into effort Attitudes have been thought as serving four functions and thereby affecting the behaviour. (i) utilitarian or instrumental, (ii) ego defensive, (iii) value orientation and (iv) knowledge.[11]

(i) *Instrumental* Attitudes serve as a means to reach a desired goal or to avoid an undesired one Instrumental attitudes are aroused by the activation of a need or cues that are associated with the attitude object and arouse favourable or unfavourable feelings.

(ii) *Ego-defensive* The ego-defensive function of attitudes acknowledges the importance of psychological thought Attitudes may be required and maintained to protect the person from facing threats in the external world or from becoming aware of his own unacceptable impulses. Ego-defensive attitudes may be aroused by internal or external threat, frustrating events, appeals or to the build-up or repressed impulses, and suggestions by authoritarian sources The attitudes influence his behaviour by affecting his perception of the situation accordingly

(iii) *Value Orientation* The value-orientation function takes into account attitudes that are held because they express a person's values or enhance his self-identity These attitudes arise by conditions that threaten the self-concept, appeals to reassert the person's self-image, or by cues that engage the person's values and make them salient to him.

(iv) *Knowledge* The knowledge function of attitudes is based on a person's need to maintain a stable, organised and meaningful structure of the world Attitudes that provide a standard against which a person evaluates aspects of his world serve the knowledge function too.

These functions of attitudes affect the individual's way of interpreting the information coming to him. Since attitudes intervene between work requirements and work responses, information about how people feel about their jobs can be quite useful in prediction about work response. Thus these types of attitudes can portray areas of investigation for making the individual and the organisation more compatible

THEORIES OF ATTITUDE FORMATION

A great number of theories have been proposed to explain attitude formation and change Although these theories have many limitations, they provide useful thinking about the processes underlying attitude formation These theories are organised into major groupings according to the nature of the psychological processes postulated to underlie formation and change of attitudes These theories may broadly be classified into three categories, cognitive-consistency theories, functional theories and social judgement theories However, there is frequent discontinuity between various groupings because related approaches have focused on different sets of phenomena Nevertheless, such classification is valid from practical point of view

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[11] Daniel Katz, 'The Functional approach to the Study of Attitudes', *Public Opinion Quarterly* No 24, 1960, pp 163-204

Cognitive Consistency Theories

Attitudes do not exist in isolation : indeed, a complex structure results which appears to have at its heart a consistent tendency to maintain balance and resist change from influences of various types. In general, these theories are concerned with inconsistencies that arise between related beliefs, bits of knowledge, and/or evaluations about an object or an issue. Though various consistency theories differ in several respects, including the form of inconsistency about which they are concerned, all of them have in common the idea that the psychological tension created by this unpleasant state leads to attempts at reducing the inconsistency. There are four important theories under this grouping.

1. *Balance Theory.* The basic model of balance theory has been provided by Heider.[12] The theory is concerned with consistency in the judgement of people and/or issues that are linked by some form of relationship. There are three elements in the attitude formation : the person, other person, and impersonal entity. Two generic types of relationships are considered to exist between the elements : linking or sentiment relations and unit relations. The linking relations encompass all forms of sentiment or effect, while unit relationships express the fact that two elements are perceived as belonging together. Both linking and unit relations can be positive and negative. In a three element system, balance exists if all three relations are positive or if two relations are negative and one is positive. Imbalance exists if all three relations are negative or if two relations are positive and one is negative. People tend to perceive others and objects linked to them so that the system is balanced. Thus if a perceiver likes a source who favours a certain position on an issue, the balancing process induces the perceiver to favour that position too. The balanced states are stable and imbalanced states are unstable. When imbalanced states occur, the psychological tension created motivates the person to restore balance cognitively by changing the relations Thus a person's attitudes towards an object depend on his attitudes towards a source who is linked with the object.

The basic model of Heider has been criticised on some grounds. For example, the theory does not consider the degree of linking or unit relationship nor the relevance to the perceiver of the elements and relations Consequently, there are no degrees of balance or imbalance, and it is not possible to make quantitative predictions about the degree of attitude change.

In an extension of balance model, Abelson has suggested four methods in which a person can resolve imbalance in cognitive structures : denial, bolstering, differentiation, and transcendence.[13] Denial involves denying a relationship when imbalance occurs. Bolstering involves adding element in the structure, that is adding another issue in the main issue Differentiation involves splitting one of the elements into two elements that are related in

12 F Heider, *The Psychology of International Relations,* New York · John Wiley, 1968

13 R P. Abelson, 'Modes of Resolution of Belief Dilemmas', *Journal of Conflict Resolution,* No 3, 1959, pp 343-352

opposite ways to other elements in the system and negatively related to each other. Transcendence involves combining elements into larger, more superordinate units from a balanced structure These processes occur in hierarchy so that a person's attempts to resolve imbalance in the ordering are discussed. The ordering is based on the assumption that the person will attempt the least effortful resolution first. This theory helps in understanding the role of persuasive communication and interpersonal attractiveness in changing the attitudes.

2 *Congruity Theory.* Osgood and Tannenbaum have proposed the congruity theory of attitudes which is similar to the balance theory. The focus of the theory is on changes in the evaluation of a source and a concept, that are linked by an associative or dissociative assertion.[14] Congruity exists when a source and concept that are positively associated have exactly the same evaluations and when a source and concept that are negatively associated have exactly the oppositive evaluations attached to them Congruity is a stable state and incongruity is unstable one As such, incongruity leads to attitude change, and the theory states how much attitudes towards the source and towards the concept change in order to resolve the incongruity.

3. *Affective Cognitive Consistency Theory.* This theory, propounded by Rosenberg, is concerned with the consistency between a person's overall attitude or effect towards an object or issue and his beliefs about its relationship to his more general values.[15] Rosenberg has related attitudes to one aspect of cognitive structure-means-end relationship between the object or issue and the achievement of desired and undesired values or goals The theory is also called structural because it is concerned mainly with what happens within the individual when an attitude changes. It proposes that the relationship between the affective and the cognitive components of the attitude change when an attitude is altered.

The theory postulates that a person's effect towards or evaluation of the attitude object tends to be consistent with this cognitive structural component. When there is inconsistency beyond a certain level of tolerance, the individual is motivated to reduce the inconsistency and thereby to change one or both components to make them more consistent. The theory, thus, suggests that changes in the affective component produce changes in the cognitive component in order to bring about consistency between the two. The theory also suggests that persuasive communication can be used to change the attitudes. The persuasive communication conveys information about how the attitude object or issue furthers the attainment of certain desirable ends or conveys persuasive material that results in a re-evaluation of the goals themselves.

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14. C E Osgood and P.H Tannenbaum, 'The Principle of Congruity in the Prediction of Attitude Change,' *Psychological Review*, No 62, 1955, pp 42-55

15 M.J Rosenberg, 'A Structural Theory of Attitude Dynamics', *Public Opinion Quarterly*, No 24, 1960, pp 319-340

4. *Cognitive Dissonance Theory.* The cognitive dissonance theory, proposed by Festinger, has had by far the greatest impact on the study of attitudes.[16] At first sight, this theory may appear similar to the affective-cognitive theory. The difference between the two is that this theory (dissonance) tends to tie in the third component of the attitudes (behavioural tendency) with cognitions about the attitude object. Rather than dealing with only one belief, this theory deals with relationship a person's ideas have with one other, It states that there are three types of relationships between all cognitions : dissonance, consonance, and irrelevance. Cognitions are dissonant whenever they are incompatible, or if they are opposed to one's experience about the relationship of events Cognitions are consonant when one follows from the other on the basis of logic or experience. Cognitions are totally irrelevant when two events are not interrelated. The presence of dissonance gives rise to pressures to reduce or eliminate the dissonance and avoid the further increase of dissonance. Dissonance varies in magnitude. The total amount of dissonance is a function of the proportion of relevant elements that are dissonant with one another relative to the total number of consonant and dissonant elements, each weighted by the importance of the elements for the person. Higher the degree of dissonance, higher would be the attempt to reduce it. Dissonance is reduced through three methods : changing a behavioural cognitive element, changing an environmental element, and adding a new cognitive element.

The basic model of Festinger applies to several situations affecting behaviour of persons. In each behaviour, the person experiences dissonance when he engages in behaviour contrary to his attitudes. Since magnitude of dissonance is a function of the relative number and important elements, the amount of justification a person has for engaging in the attitude-discrepant behaviour is an important determinant of the amount of dissonance he experiences. Justification adds consonant element to the otherwise dissonant situation. For example, when a person has to choose among a number of alternatives, he experiences conflict before the decision After the decision, he experiences dissonance because the positive features of rejected alternatives and negative features of selected alternative dissonant with the choice To overcome this dissonance, the justification process starts Dissonance-reducing changes have the net effect of increasing the valuation of the chosen alternative and decreasing the valuation of rejected alternatives

Functional Theory

Functional theory considers how attitudes and efforts are related to the motivational structure of the individual. The theory focuses on the meaning of the influence situation in terms of both the kinds of motives that is arouses and the individual's method of coping and achieving his goals. An understanding of the functions served by attitudes is important for attitude change procedures since a particular method may produce change in individuals

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16 L. Festinger, *A Theory of Cognitive Dissonance*, New York : Harper & Row, 1957

whose attitudes serve one particular function, but may produce no change in an opposite direction in individuals for whom the attitudes serve a different function.

The most prominent person who visualised functional theory is Katz and he suggests four functions of attitudes : utilitarian or instrumental function, ego-defensive, value orientation, and knowledge, as discussed earlier. It can be seen that there is some similarity in parts of this theory to cognitive dissonance theory What Katz points out is that when an attitude serves an adjustive function one of the two conditions must prevail before it can be changed; *(i)* the attitude and the activities related to it no longer provide the satisfaction they once did; or *(ii)* the individual's level of aspiration has been raised. shifts in the satisfaction which come from behaviours bring with them changes in the attitudes. When new behaviours inconsistent with attitudes bring satisfaction these attitudes then must be adjusted However, Katz functional theory has not stimulated much research except for the work on changing ego-defensive attitudes.

Kelman has given another approach about the functional approach of attitudes. His theory is directed towards the types of social relationships that occur in social influence situations.[17] Kelman has distinguished three processes of attitude formation and change compliance, identification, and internalisation These processes derive functional meaning primarily from their emphasis on the motivational significance of the individual's relationship to the influencing agent, or from the differing types of social integration that they represent. Compliance occurs when an attitude is formed or changed in order to gain a favourable reaction from other person or group. Identification occurs when a person forms or changes his attitude because his adoption helps him establish or maintain a positive self-defining relationship with the influencing agent Internalisation involves adopting an attitude because it is congruent with one's overall value system The individual perceives the content of the induced attitude as enhancing his own values. This approach makes an important contribution towards an understanding of the conditions that influence the maintenance and stability of attitude change

Social Judgement Theory

The social judgement theory, formulated originally by Sherif and Hoveland, attempts to explains how existing attitudes produce distortions of attitudinally related objects and how these judgements mediate attitude change [18] Accordingly, a person's own stand on an issue, that is, initial attitude, serves as an anchor for the judgement of attitudinally related stimuli The person's initial attitude on an issue provides a point of reference against which he evaluates other opinions These views can be considered in terms

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17 H C Kelman, 'Compliance, Identification, and Internalisation . Three Processes of Attitude Change,' *Journal of Conflict Resolution*, No 2, 1958, pp 51-60

18 M Sherif and C.I Hoveland, *Social Judgement*, New Haven Yale University Press, 1961

of attitudinal continuum and can be considered as comprising latitudes The latitude of acceptance, which is the range of opinions the individual finds acceptable, encompasses the opinion that best characterises his own stand. The attitude of rejection, which is the range of opinions the individual finds objectionable, encompasses the opinion he finds most objectionable. The attitude of non-commitment is the range of opinions that the person finds neither acceptable nor unacceptable

Factors in Attitude Formation

The attitudes are learned Though there are different approaches as how learning works and is acquired by individuals, generally it is held that individuals learn things from the environment in which they interact. Thus for attitude formation, all those factors must be taken into account from which people learn. Such factors may be analysed in terms of groups Starting from the family as a group, an individual moves in a close group, then to larger groups. and finally to the society as a whole. Apart from these groups the individual's psychological make-up, particularly his personality, is also responsible for shaping his behaviour and attitudes Thus in order to understand the various factors and how they affect the attitudes, both these category of factors should be analysed.

1. **Group Factors.** The influence of groups on the attitudes of individuals is inversely proportional to the distance of the group from the individual. From this point of view, three types of groups have different types of effect on the attitudes of a person

(i) Family The term family may be used in a variety of ways : it may include a nuclear family which means the immediate group of father, mother, and children; an extended family which includes nuclear family and other relatives Both these types of family have influence on the attitudes of individuals. In fact, when a person starts learning anything about the world, he learns it through his mother which is known as the process of socialisation. In this socialisation process, he learns and forms attitudes also. Gradually, when the child grows up he comes in contact with others in the family but does not make significant contact with persons outside his family Family has two important roles. First, other family members have certain personality characteristics, evaluative criteria, and attitudes, and the family as a whole has certain attitudes and values which are shared by all other persons Second, family mediates the influence of larger social systems on the individual's attitudes, values, and personality characteristics As an individual interacts with other family members, he simultaneously both influences the personality characteristics and attitudes of others and in turn is influenced by others Since a family is a primary group, the attitudes of family members tend to converge and are typically more homogeneous than would be the case if they were not in the family

(ii) Reference Groups The awareness and learning of behaviour alternatives is accomplished efficiently through the influence of reference groups A reference group is any interacting aggregation of people that

influences an individual's attitudes of behaviour. This group may include family or other types of groupings, either primary or secondary groups. Reference groups serve important inputs to an individual's learning of his attitudes and awareness of alternative behaviours and life style This happens through the process of socialisation Socialisation, as discussed earlier, is a process by which a new member learns the value system, the norms, and the required behaviour patterns of the society, organisations, or groups in which he is entering. Though all groups with which an individual makes contact have influence on his attitudes, the values and norms of the primary groups play a very important role in influencing attitudes, opinions, and beliefs of the members of the group

(iii) Social Factors The social classes have important influence on individual's attitudes They have the important task of transmitting cultural behaviour patterns to specific groups and families. They define the expectations of society for groups of people and for families within the groups. The family then transmits these cultural expectations to the individual. Thus social classes restrict behaviour between individuals of differing social classes, specially in intimate relationships People have their close relationships with people of similar classes, which tends to restrict attitude formation in similar patterns of other members This is so because attitudes and values provide goals which aid alternative evaluation and provide motivation for research and evaluation These are transmitted differently among social classes.

2 **Personality Factors.** Personality factors are important in attitude formation However, many personality characteristics themselves are determined by group and social factors, as discussed earlier Personality differences between individuals are very important concomitant of the discussion of attitudes This area has been the subject of great interest of research and study, particularly with respect to broader area of prejudice and social functioning. Various studies show that there is positive relationship between different personality factors and attitudes. Adrono *et al* show that there was a coherent pattern of ethnocentric attitudes including anti-semitism among persons having authoritarian personality [19] The ethnocentrics stuck to the straight and narrow, holding conventional values, not being able to accept certain socially unacceptable impulses and, therefore, in the main, projecting these on others. McClosky has found a relationship between personality correlates of conservatism and liberalism [20] He found that the conservative attitudes characterised these at the lower end of the intelligence scale with less education and with less awareness of current events Various other research studies also show positive relationship between personality variables and particular attitudes Since personality itself

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19 T Adrono *et al, The Authoritarian Personality,* New York Harper, 1950

20 H McClosky, 'Conservatism and Personality,' *American Political Science Review,* No 52. 1958, pp 27-45

is influenced by various group and social factors as well as heredity factors, in understanding attitude formation, these factors, particularly former ones, must be analysed.

ATTITUDE MEASUREMENT

Attitudes are subjective attributes of people They can be regarded as constructs in the sense that they are conceptualisations of human qualities that are formed on the basis of either rational consideration of statistical evidence. Thus, people may vary along each of a number of attitudinal dimensions. Keeping this measurement aspect into consideration, the attitudes might be defined operationally by describing the measurement systems that psychologists use to measure attitudes Attitude measurement, developed largely by social psychologists, is concerned with efforts to tap these attitudes as they are characteristics of individual. There are many methods of attitude measurement. In pulling together numerous methods dealing with attitude measurement, Summers uses the following organisation which, in effect, is classification of methods of attitude measurement *(i)* self-report (usually elicited with questionnaires dealing with beliefs, feelings, and behaviours) , *(ii)* indirect tests (such as projective techniques and disguised approaches) ; *(iii)* direct observation techniques ; and *(iv)* psychological reaction techniques.[21] However, attitude measurement of employees in organisations is most commonly carried out with self-respect questionnaires. Measurement of attitudes based on questionnaires uses several scaling methods. There are three types of attitude scaling which are commonly used in attitude measurement . Thurstone type of scale, Likert scale, and semantic differential.

The Thurstone type of scaling goes back to the early work of Thurstone and Chave,[22] who collected a large number of statements relating to the area in which attitudes were to be measured. These statements may be relating to any object about which attitudes are to be measured. The statements are both favourable and unfavourable, and are placed in 11 piles, with most favourable statement being placed in pile 1 and the most unfavourable one being placed in pile 11 Other statements are placed in between, their position depending on the degree of favourability or unfavourability. The scale is then presented to the respondents Each respondent checks the statement with which he agrees. His attitude score is then based either on the average or the median scale of the statements that he has checked

Soon after Thurstone scale, Likert experimented with certain other varieties of attitude scales [23] Likert's attitude scale uses five points The statement relating to the measurement of attitudes is given to the person

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21 G F Summers (ed), *Attitude Measurement,* Chicago Rand, 1970

22 L L Thurstone and E J. Chave, *The Measurement of Attitude,* Chicago University of Chicago Press, 929

23 Rensis Likert, A Technique for Measurement of Attitudes, *Archives of Psychology,* No 140, 1952

concerned and he is asked to check one of the five points given for every statement These points show degree of agreement or disagreement with the given statements The Likert scale is considered better as compared to Thurstone because of several positive facts For example, in this scaling, there is not much problem in making numerous statements because for every aspect, only one statement is required which will show both positive and negative degrees. Seiler and Hough refer to Likert scaling as equally or more reliable than the Thurstone, and faster, and equally or more valid.[24]

The semantic differential, an attitude scaling technique that lends itself to various applications, was developed by Osgood, Suci, and Tannenbaum.[25]

Semantic differential means the successive allocation of a concept to a point in the multidimensional space by selection from among a set of given scaled semantic alternatives. For any given purpose it consists of several or many pairs of opposite adjectives or phrases, with scale values in between. In using this scale, the respondent marks the position along each scale that reflects his attitude to the attitude object Scale values (often ranging from 1 to 7) are associated with the different responses and individual's attitude score usually is the sum of these.

Apart from these measures of attitudes, certain other scales have also been developed These include the Guttman technique, the error-choice method, and the sentence completion method.[26]

ATTITUDE CHANGE

There is often a paradox of attitudes in that people need them to provide stability to social world yet world is a changing one and people must change their attitudes appropriate to the situation. The attitude change appropriate to organisational requirement is more important because attitudes affect behaviour and only a certain behaviour is desirable from organisation point of view Organisations adopt a number of techniques for changing attitudes of their members so that their behaviour corresponds with the organisational requirement However, whatever the techniques for attitudes change are adopted, they can be effective only if basic characteristics of attitudes and their nature are kept in consideration. Though various theories of attitude formation and change have been presented earlier which help in understanding attitudes and the techniques through which they can be changed, the change techniques can be more effective, if three basic factors are considered adequately. *(i)* the characteristics of attitudes ; *(ii)* the personality of attitude holder, and *(iii)* the group affiliation of the attitude holder. These factors have been derived from two sources theory of attitude formation and the factors

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24 L H Seiler and R L Hough, Empirical Comparison of Thurstone and Likert Techniques, in Summers, *Op cit*

25 C E Osgood, G J Suci, and P H Tannenbaum, *The Measurement of Meaning*, Champaign the University of Illinois, 1957

26 The detailed discussion of various attitude measurement techniques may be found in different books dealing with 'Measurement of Attitudes', 'Measurements in Industrial Psychology' or 'Research Methodology in Business or in Social Sciences'

affecting attitude formation.

1. Characteristics of Attitudes

In understanding attitude change, the analysis of attitude characteristics is an important element. Theories of attitudes suggest numerous types of their characteristics Such characteristics may be *(i)* extremeness of the attitude, *(ii)* multiplexity, *(iii)* consistency, *(iv)* interconnectedness, *(v)* consonance of the attitude cluster of which the focal attitude is a part, *(vi)* the number and strength of the needs which are served by the attitude, and *(vii)* centrality of related values Taking these characteristics of attitudes, there may be two types of attitude change : congruent and incongruent. The congruent change involves an increase in the strength of an existing attitude, either to make a positive attitude even more favourable or to make a negative attitude more strongly negative. An incongruent change is one in which the direction of change is opposite to the originally held attitude. Congruent change is easier to produce than incongruent one--specially when the attitude held is extreme, central in the attitude system, and interconnected with supporting attitudes.

Another characteristic involved in changeability of attitudes is their simplicity The number of facts involved in the cognition and the number of facts to which it is related make the attitude simple or complex It is more likely to produce change in simple attitude than the complex one. The degree of interconnectedness determines the changeability of attitudes. Usually, attitudes which are strongly supported by other attitudes are more resistant to change. Similarly, depending on how many social wants support them and the strength of these wants, the attitudes may be more or less changeable. Attitudes which reflect the core or principal component of an individual's personality would most likely be very resistant to change

2. Personality of Attitude Holder

The personality factors of attitude holder are also important in attitude change in the sense that some persons are more persuable as compared to others. This is so because of personality differences. Such differences change the nature of attitudes because attitudes are subjective qualities. Persuasibility is the tendency of a person to accept a persuasive communication It commonly refers to a response to a direct influence attempt Several personality factors suggest different types of persuasibility. First is level of self esteem of the person The more inadequate a person feels and the more social inhibitions he has, the more likely is he to be persuasible. People with a great deal of confidence in their own intellectual ability are not only more resistant to change but more willing to expose themselves to discrepant information

Related to the personality factors, there is a style of thinking referred to as close minded or dogmatism Dogmatism is a form of authoritarianism where there is admiration of those in authority and hatred for those opposed to authority. There is a strong belief in the cause and a decreasing tendency to admit that other causes might be valid Dogmatism is a relatively closed system in which the beliefs and disbeliefs are isolated from one another It tends to

be organised around some central authority theme which must be protected at all costs. In dogmatism, there is high degree of rejection of opposing beliefs, a relatively low level of interconnection among belief systems, and complex cognitions about positively valued objects as against cognitions about negatively valued objects.

In such cases attitude change is often resisted. However, personality factors should not be overemphasised in attitude change because the change makes much more sense in the context of total change attempt situation.

3. Group Affiliation

Individuals often express their attitudes in terms of group This is more so in the case of less extreme attitudes This is so because membership in the group prevents existing attitudes from being disturbed by filtering the information As will be discussed later, one of the powerful bonds which holds the group together is the fact that members think alike Information likely to cause dissonance or inconsistency is either omitted or perceived according to group norms with some modification or is rejected or considered irrelevant Though people are not always exposed to information in the concept or groups and information which may change their attitudes impinges upon them from many sources, even outside the group, their membership still influences the way the new information is perceived. This is particularly true of primary groups, such as family, friendship group, etc

Methods of Attitude Change

Various methods have been adopted for attitude change Cohen has classified them into four categories . Communication of additional information approval and disapproval of a particular attitude, group influence, and inducing engagement in discrepant behaviour.[27] However, in some way or the other, all these methods involve introducing discrepancies among the elements making up the individual's attitude in the hope that elements will be rebalanced through changing the affective component of the attitude Thus, in practice, the central variable in attitude change is the feeling component associated with the attitude object Thus from organisation's point of view, a manager may take the following actions in bringing out change in the attitudes of organisational members Such a course of action may be in the form of group action, persuasion through leadership, persuasion through communication, and the influence of total situation These factors have been taken for detailed analysis in later chapters. The group influence has been discussed in the next chapter while other methods are discussed in the next part

DISCUSSION QUESTIONS

1 What is the concept of attitudes ? How do attitudes differ from opinions and beliefs? How do attitudes affect behaviour ?

2 What are the various theories of attitude formation and change ?

3 What are the various factors responsible for attitude formation ? How can these factors be controlled ?

4 What are the various methods of attitude measurement ? How does attitude measurement help the management ?

5 What are the various factors which must be taken into account in attitude change ? Discuss some methods for attitude change

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27 A.R Cohen. *Attitude Change and Social Influence*, New York - Basic Books, 1964

8

Motivation

Tcheme

To understand how motivation affects human behaviour,

To understand what motivates Indian managers and workers for framing suitable motivational strategy

To analyse various theories of motivation for identifying how people can be motivated,

Motivation is one of the important factors affecting human behaviour The level of motivation does not only affect perception and learning but it also affects the total performance of the individuals, as expressed by :

Performance = Ability × Motivation

The motivation is also affected by various psychological factors discussed earlier, such as perception, learning, and personality. Thus in order to understand the human behaviour completely, the motivational process must be analysed This chapter analyses the various problems relating to motivation

Definition of Motivation

Motivation has come from motives which are the expression of human needs by a human being In fact, the activities of human beings are caused, and behind every action there is a particular motive or need. The need can be defined as feeling of lackness for something and human being tries (activities) to get lackness removed (satisfaction) Here, we can differentiate between needs and wants While needs are more comprehensive and include desires—physiological or psychological, wants are expressed in a narrow sense and include only those desires for which a person has money and also the desire to spend money for satisfying the wants There are many psychological needs, *e g*, to get status in the organisation, which do not come under the category of wants. Thus human behaviour (activities) is caused by motives or needs, and motivation is the process of inducing persons to experience needs for certain desired behaviour so that organisational efficiency is achieved Various persons[1] have defined motivation in their own words, however, the basic contents are the same On the analysis of these definitions, we can derive the following characteristics of motivation .

1. *Motivation is an internal feeling* Motivation is a psychological phenomenon which generates within an individual. Needs are feelings in the mind of a person that he lacks a certain thing Such feelings affect the behaviour of the person.

1 Victor H Vroom, *Work and Motivation*, New York John Wiley, 1964

2 *Person in totality, not in part, is motivated* Each individual in the organisation is a self-contained and inseparable unit and his all needs are interrelated These affect the behaviour in different ways Moreover, feeling of needs is a continuous process, as such these create continuity in human behaviour

3 Motivation is the product of anticipated values from an action and the perceived probability that these values will be achieved by the action The anticipated value is called 'value' and it is defined as the strength of a person's preference for one outcome in relation to others The perceived probability is called 'expectancy' and it is defined as the strength of belief that a particular act will be followed by a particular outcome Thus, motivational relationship can be expressed in the following formula

$$\text{Motivation} = \text{Valence} \times \text{Expectancy}$$

Motivation and Behaviour

Motivation causes goal-directed behaviour Feeling of a need by a person causes him to behave in such a way that he tries to satisfy himself so that he does not feel the lack of that particular thing This can be expressed in the following figure

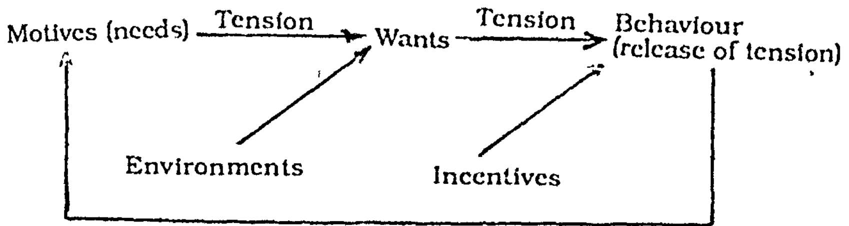


Fig 8 1 Needs cause behaviour

A need, that is, the feeling that something is required, creates tension in mind and transforms itself into want depending upon environment This tension is released when this particular need is satisfied by certain behaviour again in the environment, that is, incentives exist to satisfy the needs Behaviour ends the moment tension is released However, satisfaction of one need leads to feeling of another either of different need or the same need after lapse of certain time Thus this process is a continuing one However, if the need is not satisfied because of some reasons the person may feel frustration which can be defined here as the accumulation of tension because of non-fulfilment of needs At this stage, the person will try to modify his behaviour to eliminate factors responsible for non-fulfilment of his needs, for example, putting more force for need satisfaction However, there may be numerous such factors and many of them may be beyond his control As such he is not able to remove the frustration through need satisfaction. Since frustration is not an ideal position for the person, he will try to bring him back by alternative behaviour The type of behaviour may not be uniform but some common forms of behaviour may be presented in Fig 8 2

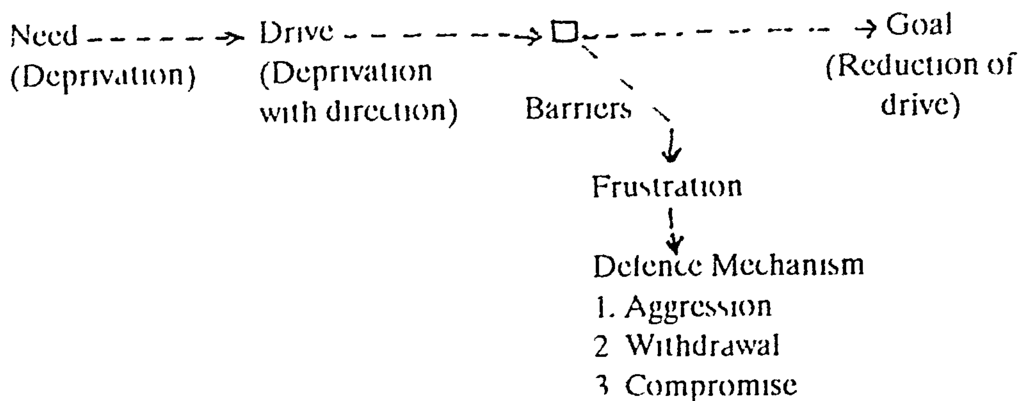


Fig 8 2 A model of frustration

Defence Mechanism

Frustration may lead to any of the defence mechanisms used by the human organism, that is, any of the actions mentioned in Fig 82 Thus defence mechanism is the way of action for overcoming frustration because of non-fulfilment of needs so that the individual can protect his self-concept There can be three types of defence mechanisms—aggression, withdrawal, and compromise

1 **Aggression.** A more common reaction to frustration is aggression—an act against someone or something An employee being denied a promotion may become aggressive and verbally berate his superior. There are many forms of aggression, more common being displacement, negativism, and fixation

(i) Displacement The aggression may be either towards the sources causing frustration (superior, etc , in the organisation), or it may be displaced to other The displaced aggression may be either towards a person or towards inanimate object. For example, a frustrated employee, if not able to abuse his superior causing frustration, may attack his wife or son However, if this is not possible, he may kick an inanimate object, *e g*, door or so

(ii) Negativism Negativism is an act of active or passive resistance operating consciously or unconsciously. For example, the manager, who having been unsuccessful in getting out of a committee assignment, picks apart every suggestion that anyone makes in the meetings

(iii) Fixation Under fixation, frustrated individual maintains a persistent non-adjustive reaction even though all the clues indicate that the behaviour will not cope with the problems For example, following of lengthy uneconomic procedure in doing a work

2 **Withdrawal.** Another way of overcoming frustration is to withdraw from the scene causing frustration, anxiety, or conflict, either physically or psychologically There may be many forms of withdrawal—fantasy, regression, repression and flight

(i) Fantasy. Fantasy is an act of day-dreaming or other forms of imaginative activity which provides an escape from reality and imagined satisfactions

(ii) Regression In regression, the individual returns to an earlier and less mature level of adjustment in the face of frustration. For example, a manager having been blocked in some administrative pursuit busies himself with activities which are more appropriate for his subordinates.

(iii) Repression Repression is the act of completely excluding from consciousness impulses, experiences, and feelings which are psychologically disturbing because they arouse a sense of guilt or anxiety, example being a subordinate forgetting to tell his superior the circumstances of an embarrassing situation

(iv) Flight A more extreme form of withdrawal may be to leave physically the field causing frustration. For example, an employee may leave the job which is frustrating

3 **Compromise.** When the frustration cannot be reduced by aggression or withdrawal the individual tries to compromise with the situation—a relatively satisfactory adjustment Forms of compromise may be identification, projection, rationalisation, and reaction formation

(i) Identification Identification is the process through which a person takes on the attributes of the model Individual enhances his self-esteem by patterning his own behaviour after another's, frequently internalizes the values and beliefs of the other, or shares the glories or suffering in the reversals of other individuals or groups

(ii) Projection Individual projects himself from awareness of his own undesirable traits or unacceptable feelings by attributing them to others.

(iii) Rationalisation. Individual tries to justify inconsistent or undesirable behaviour, beliefs, statements, and motivations by providing acceptable explanations for them

(iv) Reaction - formation In reaction-formation, urges not acceptable to consciousness are repressed and in their stead opposite attitudes or modes of behaviour are expressed with considerable force.

The theory of defence mechanism is very helpful in understanding human behaviour in the organisation This suggests that human beings cannot tolerate inconsistency for long and use some defence mechanisms to bring the elements back into the agreement. Though defence mechanisms generally imply that there is a negative impact on the individual's performance and on the organisation as a result of frustration, there may be some cases where frustration may actually result in positive impact on individual performance and organisational goals For example, if a person has high needs for competence and achievement with the confidence that he can do the job well may put greater pressure for the achievement of the work when he feels frustrated, though his reaction to frustration may be in the traditional form It should also be emphasised that all reactions to frustration are not bad from individual's point of view because they provide opportunity for psychological adjustment to him Notwithstanding this, the management's approach in this case should be to avoid those barriers because of which the people feel frustration in the organisation

THEORIES OF MOTIVATION

From the very beginning, when human organisations were established people had tried to find out the answer to what motivated people maximum The satisfactory and generalised answer is yet to be found out Right from the very beginning, when F W. Taylor gave the concept of 'scientific management' and more particularly differential piece rate system for motivating workers, many researchers and managers in the field have given their views on the subject Many new researches are being carried on on motivation, however, they all emphasise that due to complex nature of human beings no generalisation is possible Moreover, the findings of research studies and theories are not universally applicable and these are affected by time, country, and circumstances In this context it is imperative to have a knowledge about various theories of motivation and how these affect the behaviour of human beings

Since various people have been engaged in finding out the answer of the question relating to what motivates people, their approaches have differed resulting into a number of theories concerning motivation Though all these theories try to focus attention on the basic issue, they differ considerably These theories may be grouped into some categories, though this grouping may not truly reflect the basic nature of each theory suggesting that any attempt to group various theories into some categories may be for simplification Thus, there may be overlapping in any such grouping. Notwithstanding, the various theories can be grouped into three categories · theories associated with human needs— theories by Maslow, Herzberg, and McClelland, theories associated with basic nature of human beings--theories by McGregor, Urwick and Argyris; and theories associated with expectancy of individuals—theories of Vroom and Porter and Lawler. The major ingredients of these theories are presented in brief in that order. The discussion will show how a theory is useful for managerial action and what are its limitations in predicting human behaviour.

MASLOW'S NEED HIERARCHY

The behaviour of an individual at a particular moment is usually determined by his strongest need Psychologists claim that needs have a certain priority. As the more basic needs are satisfied, an individual seeks to satisfy the higher needs If his basic needs are not met, efforts to satisfy the higher needs should be postponed A.H Maslow, a famous social scientist, has given a framework that helps to explain the strength of certain needs.[2] According to him, there seems to be a hierarchy into which human needs are arranged as shown in Fig 8.3.

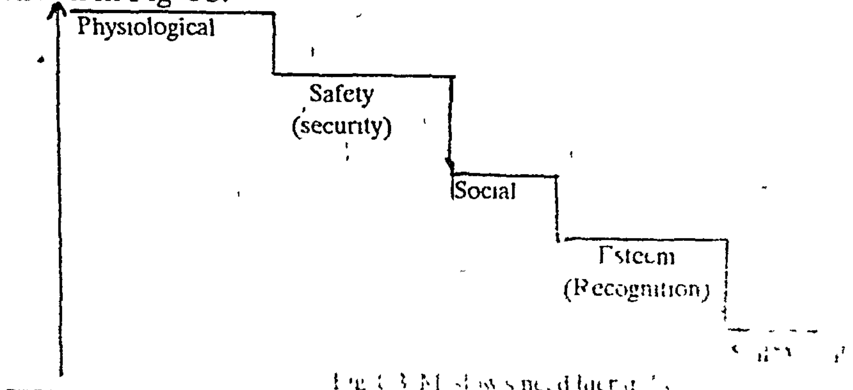


Fig 8.3 Maslow's need hierarchy

2 A H Maslow, *Motivation and Personality*, ...

intrinsic capabilities which lead people to seek situations that can utilise their potential. This includes competence which implies control over environmental factors, both physical and social, and achievement A man with high intensity of achievement needs will be restless unless he can find fulfilment in doing what he is fitted to do As Maslow has put it "this need might be phrased as the desire to become more and more what one is, to become everything that one is capable of becoming."

Maslow suggests that the various levels are interdependent and overlapping, each higher level need emerging before the lower-level need has been completely satisfied as shown in Fig 8.4 Since one need does not disappear when another emerges, all needs tend to be partially satisfied in each area When the peak of a need is passed, that need ceases to be the primary motivator The next level need then begins to dominate Even though a need is satisfied, it still influences behaviour because of interdependent and overlapping characteristics of needs

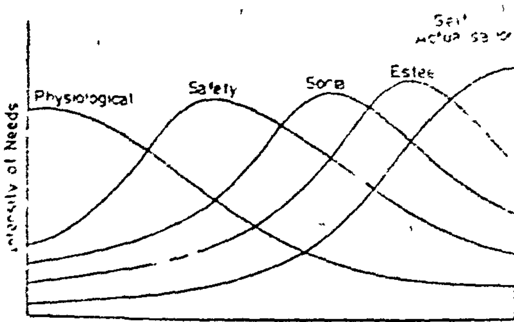


Fig 8.4 Relationship of new level

Critical Analysis of Maslow's Theory

Maslow's theory has reasonable support for the hypothesis that human needs have some hierarchical order. The theory is based on the assumption, it is true also, that man is continuously wanting His all needs are never fully satisfied As soon as one need is reasonably satisfied, its prepotency diminishes and another need emerges to replace it. Thus at last some needs remain unsatisfied which serve the man to strive to satisfy Thus it presents a very simple solution of managerial problems, that is, managers can try to satisfy the needs of people in this particular order. But this raises a basic question Is need hierarchy rigid ? Does every person try to satisfy his needs according to this model ? If the answers are in positive, there is no problem in motivating people However, it is not so. The hierarchy is not so rigid for all the individuals and all the times. Below are identified few problems which are not adequately solved by this theory.

1 There is lack of hierarchical structure of needs as suggested by Maslow, though every individual has some ordering for his need satisfaction This is based on the assumption that man has limited resources which he can use alternatively Resources, here, cannot be taken only in a physical way rather.

it is used in more comprehensive way Naturally, every person has to satisfy his needs in some order. However, this order may not follow Maslow's need hierarchy This has been demonstrated by a large number of researches both in foreign countries as well as in India. (For various research studies conducted in India, we may refer the second part of this chapter.) Following generalisations can be drawn on the basis of these studies—both in foreign countries and in India

(i) Some people may be deprived of their lower order needs but may try for self-actualising needs The example of Mahatma Gandhi is one of the most important. This does not require any further explanation

(ii) There are certain persons for whom self-esteem needs are more important than social needs Such people may be those who seek self-assertion as a means to an end, that is, love need.

(iii) There is considerable disordering among physiological needs, safety needs, social needs, and esteem needs, particularly in organisational context. For example, many people do not care for job security (security need) but care for social need Similarly, many people may not care for social need but for self-esteem need

(iv) For certain people, many of the needs may not form part of their own need hierarchy Thus there is not only question for reversal of hierarchy but also discontinuity of hierarchy. For example, there may be people who might be deprived of social need from their childhood They may develop apathy towards such needs, though it is just possible that they may develop high order for such need.

2 There is another problem, which is common with many other theories also, that there is often a lack of direct cause-effect relationship between need and behaviour. This problem has been discussed in the last chapter. Thus a particular need may cause behaviour in different ways in different persons Similarly, one particular behaviour may be the result of different needs For example, if a person is thirsty, he may take water, or some soft drink, or some juice Similarly, people may earn money to satisfy their several types of needs, not only physiological needs. Thus need hierarchy is not as simple as it seems to be.

HERZBERG'S MOTIVATION – HYGIENE THEORY

Needs priority, to a great extent, characterises the types of behaviour. It will be either directed towards achieving certain desirable positive goals, or, of, conversely, towards avoiding other undesirable, negative consequences. Thus, a question may arise as to what variables are perceived to be desirable goals to achieve, and conversely, undesirable conditions to avoid. In this connection, a research study was conducted by Frederick Herzberg of Case-Western Reserve University and associates[5] This study consisted of an intensive analysis of the experiences and feelings of 200 engineers and accountants in nine different companies in Pittsburgh area, U.S A. During the structured interview, they were asked to describe a few previous job experiences in which they felt 'exceptionally good' or 'exceptionally bad' about jobs. They were also asked to rate the degree to which their feelings were influenced–for better or worse–by each experience which they described.

In concluding the information from the interview, Herzberg concluded that there were two categories of needs essentially independent of each other affecting behaviour in different ways His findings are that there are some job conditions which operate primarily to dissatisfy employees when the conditions are absent, their presence does not motivate them in a strong way Another set of job conditions operates primarily to build strong motivation and high job satisfaction, but their absence rarely proves strongly dissatisfying. The first of job conditions has referred to as maintenance or hygiene factors and second set job conditions as motivational factors.

Hygiene Factors

According to Herzberg, there are ten maintenance or hygiene factors. These are company policy and administration, technical supervision, inter-personal relationship with supervisors, inter-personal relationship with peers, inter-personal relationship with subordinates, salary, job security, personal life, working conditions, and status These are not intrinsic parts of a job, but they are related to conditions under which a job is performed. They produce no growth in a worker's output; they only prevent losses in workers' performance due to work restrictions. These maintenance factors are necessary to maintain a reasonable level of satisfaction in employees. Any increase beyond this level will not provide any satisfaction to the employees; however, any cut below this level will dissatisfy them As such, these are also called as dissatisfiers Since any increase in these factors will not affect employee's level of satisfaction, these are of no use for motivating them

Motivational factors

These factors are capable of having a positive effect on job satisfaction often resulting in an increase in one's total output. Herzberg includes six factors that motivate employees These are · achievement, recognition, advancement, work itself, possibility of growth, and responsibility Most of

5. Frederick Herzberg Bernard Mausner and Barbara Synderman '*The Motivation to Work*, New York John Wiley, 1959 and Frederick Herzberg *Work and the Nature of Man*, Cleveland World Publishing 1966

these factors are related with job contents. An increase in these factors will satisfy the employees; however, any decrease will not affect their level of satisfaction Since, these increase level of satisfaction in the employees, these can be used in motivating them for higher output

Herzberg maintains that potency of various factors is not entirely a function of the factors themselves It is also influenced by the personality characteristic of the individuals From this point of view, individuals may be classified into two parts—motivation seekers and maintenance seekers The motivation seekers generally are individuals who are primarily motivated by the 'satisfiers' such as advancement, achievement and other factors associated with work itself. On the other hand, the maintenance seekers tend to be more concerned with factors surrounding the job such as supervision, working conditions, pay, etc

Critical Analysis of the Theory

Herzberg's model is based on the fact that most of the people are able to satisfy their lower order needs considerably As such, they are not motivated by any further addition of satisfaction of these needs This is true which has been supported by many studies, both in India and foreign countries Herzberg's model has been applied in the industry and has given several new insights One of these insights is job enrichment This job enrichment applies to improvement of jobs in such a way that they have more motivators than before. This idea behind job enrichment is to keep maintenance factors constant or higher while increasing motivational factors Job enrichment is different from job enlargement practised earlier to make job more attractive In job enlargement the basic idea is to change the job to become more implicated and varied so that monotony goes off, while job enrichment seeks to bring more motivators to the job by attaching more responsibility, more intrinsically satisfying work conditions and more power over the environment. Thus Herzberg's model has solved the problems of managers who were wondering why their fancy personnel policies failed to motivate their employees adequately

However, Herzberg's model is not applied in all conditions This has been amply suggested by various research studies, again both in India and in foreign countries For example, there is considerable amount of mixing of maintenance and motivating factors Therefore, these finding suggest that various factors relating to jobs, whether intrinsic or extrinsic, may not be classified into maintenance and motivating factors This classification can only be made on the basis of level of person's need satisfaction and relative strength of various needs

Besides the research studies confronting the two factors—satisfiers and dissatisfiers—many writers and thinkers on the subject have argued against the theory as follows :

1 In fact, job satisfaction and dissatisfaction are two opposite points on a single continuum Individuals on the job are affected by any change either in the job environment or in the job content

2. Herzberg's model is 'method bound', and a number of other methods used for similar study have shown different results not supporting his contentions. Thus, the theory has limitations in general acceptability.

3. This theory does not attach much importance to pay, status, or interpersonal relationships which are held generally as important contents of satisfaction.

Comparison of Herzberg and Maslow Models

When Herzberg and Maslow models are compared, it can be seen that both the models focus their attention on the same relationship that is what motivates an individual. Maslow has given it in terms of need hierarchy and has suggested how people try for comparatively higher level needs. Thus, any unsatisfied need becomes a motivating factor for the individuals and governs his behaviour in that direction. In comparatively socially and economically advanced countries, most of the lower order needs are fulfilled and for people only higher level needs remain motivating factors. This is what Herzberg has suggested. Most of his maintenance factors come under comparatively lower order needs. Most of these needs remain satisfied and hence cease to be motivators.

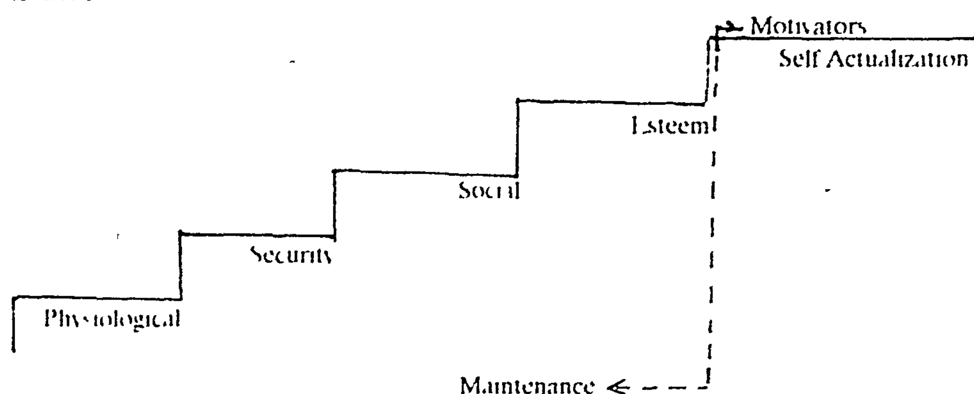


Fig. 8.5 Relationship between Herzberg and Maslow models

The above figure shows the need hierarchy of Maslow with self-actualisation at the top considering that other needs are reasonably well satisfied. Maslow's physiological, security and social needs come under Herzberg's maintenance factors while self-actualisation under motivating factors. There are some divisions of esteem need some parts coming under maintenance factors, *e.g.* status, and others, advancement and recognition, going under motivational factors.

There is a particular difference between two models. Maslow emphasises that any unsatisfied need whether of lower order or higher order will motivate individuals. Thus it has universality in its applicability. It can be applied to lower level workers as well as higher level managers. In underdeveloped countries, where because of lack of socio-economic progress, even lower order needs are not reasonably satisfied, such needs are motivating factors. According to Herzberg, these are hygiene factors and fail to motivate workers

McCLELLAND'S NEEDS THEORY

Shortly after World War II, a group of psychologists led by David C. McClelland of Harvard University began to experiment with TAT (Thematic Apperception Test) to see if it were sensitive enough to detect changes in motivation that were caused by simple attempts to sway the individual's attitudes. In order to simplify their task, the group decided to select one particular motive for intensive analysis For, it was not long before the implications of the achievement motive were recognised that it became the subject of intensive investigation in its own right

McClelland has identified three types of basic motivating needs. He classified these as need for power (*n/PWR*), need for affiliation (*n/AFF*), and need for achievement (*n/ACH*).[6] Considerable research work was done by McClelland and his associates in this respect, particularly, on achievement motive.

Power Motive The ability to induce or influence behaviour is power. Power motive has been formally recognised and studied for a relatively long time The leading advocate of the power motive was Alfred Adler. To explain the power need, the need to manipulate others or the drive for superiority over others, Adler developed the concepts of inferiority complex and compensation. Accordingly, the individual's life style is characterised by striving to compensate for the feelings of inferiority which are combined with the innate drive for power. McClelland and his associates have found that people with a high power need have a great concern for exercising influence and control Such individuals are generally seeking positions of leadership ; they involve in conversation ; they are forceful, outspoken, hard headed, and demanding.

Affiliation Motive Since people are social animals, most individuals like to interact and be with others in situations where they feel they belong and are accepted Sometimes affiliation is equated with social motives. However, the affiliation motive is not so broad Affiliation plays a very complex but vital role in human behaviour The study of affiliation is complicated by the fact that some behavioural scientists believe that it is an unlearned motive. However, the fact is partly true McClelland has suggested that people with high need for affiliation usually derive pleasure from being loved and tend to avoid the pain of being rejected They are concerned with maintaining pleasant social relationships, enjoying a sense of intimacy and understanding, and enjoy consoling and helping others in trouble.

Achievement Motive Over the years, behavioural scientists have observed that some people have an intense desire to achieve. McClelland's research has led him to believe that the need for achievement is a distinct human motive that can be distinguished from other needs It can also be isolated and assessed in any group McClelland has identified four basic characteristics of high achievers

(i) *Moderate risks* Taking moderate risks is probably the simple most de-

6 David C McClelland *The Achievement Motive*, New York Appleton-Century-Crofts 1953

scriptive characteristic of the person possessing high achievement need This is against the commonsense that a high achiever would take high risks.

(ii) *Immediate feedback.* Person with high *n/ACH* desires activities which provide immediate and precise feedback information how he is progressing toward a goal

(iii) *Accomplishment* Person with high *n/ACH* finds accomplishing a task intrinsically satisfying in and of itself, or he does not expect or necessarily want the accompanying material rewards Though he likes to earn money a lot but not for the usual reason of wanting money for its own sake or for the material benefits that it can buy.

(iv) *Preoccupation with the tasks* Once a high achiever selects a goal, he tends to be totally preoccupied with the task until it is successfully completed He will not feel satisfied unless he has put his maximum effort in completing the task. This type of dedicated commitment often reflects on his outward personality, which frequently has a negative effect on those who come in contact with him.

Implications of the Theory

Because any organisation and every department of it represents groups of individuals working together to achieve goals, the need for achievement is of paramount importance According to the research conducted by McClelland and others, managers show high on achievement and power and low on affiliation. The research finding also indicates that chief executives of smaller companies show higher achievement motive as compared to those large companies. Similarly, middle level managers have higher *n/ACH* as compared to the chief executive This seems to be contradictory but McClelland feels that it is quite understandable because chief executives have already arrived, and those below them are striving to advance.

Achievement - motivated people can be the backbone of most organisations because they progress much faster. However, when they are promoted where their success depends not only on their work but on the activities of others, they may be less effective Since they are high task-oriented and work to their utmost capacity, they expect similar results from others As a result, they sometimes lack human skill and patience of being effective managers, specially of those persons having high affiliation motive Thus, such persons can be better managers in production, research and devel opment as compared to personnel activity. Thus, an organisation may need managers with varying degrees of achievement and affiliation motives

Development of achievement motive Achievement motive can be developed only at early age, but also at later stage Experimenting with people from the U.S.A., Italy, Poland and India, McClelland and his group found that in all cases training programmes were successful in increasing individual need for achievement Their achievement development course has four primary goals :

1. To teach participants how to think, talk and eat like a person with high achievement.

2 To stimulate participants to set higher, but carefully planned and realistic work goals over the next two years

3 To give the participants knowledge about themselves

4 To create group *esprit de corps* from learning about each other's hopes and fears, successes and failures, and from going through emotional experiences together, away from everyday life, in a retreat setting [7]

It was found that after two years, who had taken the course made more money, were promoted faster and expanded their business faster than comparable men who had not taken some other management course For example, in India, he subjected a group of fifty-two entrepreneurs to the concentrated achievement motivation course Two-thirds of them were found unusually active in the post-training period Some of them actually started new business, others investigated new product lines, increased their profits and expanded their present business This has another implication and that is in the training programmes such courses may be added to develop achievement motive in individuals where it is needed

McGREGOR'S THEORY X AND THEORY Y

The management's action of motivating human beings in the organisation, according to McGregor,[8] involves certain assumptions, generalisations and hypotheses relating to human behaviour and human nature These assumptions may be neither consciously crystallised nor overtly stated , however, these serve the purpose of predicting human behaviour The basic assumptions about human behaviour may differ considerably because of the complexity of factors influencing this behaviour McGregor has characterised these assumptions in two obverse points, Theory X and Theory Y

Theory X This is the traditional theory of human behaviour In this theory, McGregor has certain assumptions about human behaviour. In his own words, these assumptions are as follows [9]

1 Management is responsible for organising the elements of productive enterprises—money, materials, equipment, people—in the interest of economic ends

2 With respect to people, this is a process of directing their efforts, motivating them, controlling their actions, modifying their behaviour to fit the needs of the organisation

3 Without this active intervention by management, people would be passive—even resistant—to organisational needs They must be persuaded, rewarded, punished, controlled, their activities must be directed This is management's task We often sum it up by saying that management consists of getting things done through other people

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7. David C McClelland 'Achievement Motive can be Developed,' *Harvard Business Review*, Nov -Dec , 1965, p 22

8 McGregor, *Op cit*

9 *Ibid* McGregor, *Op cit*

4 The average man is by nature indolent—he works as little as possible.

5 He lacks ambition, dislikes responsibility, prefers to be led

6 He is inherently self-centered, indifferent to organisational needs.

7. He is by nature resistant to change

8 He is gullible, not very bright, the ready dupe of charlatan and the demagogue

Of these assumptions, last five deal with the human nature and first three with managerial actions. These assumptions about human nature are negative in their approach, however much organisational processes have developed on these assumptions Managers subscribing these views about human nature attempt to structure, control and closely supervise their employees They feel that external control is most appropriate for dealing with irresponsible and immature employees McGregor believes that these assumptions about human nature have not changed drastically though there is a considerable change in behavioural pattern He argues that this change is not because of changes in the human nature, but because of nature of industrial organisation, management philosophy, policy, and practice

Theory Y The assumptions of Theory Y are described by McGregor in the following words:[10]

1. The expenditure of physical and mental effort in work is natural as play or rest The average human being does not inherently dislike work Depending upon controllable conditions, work may be a source of satisfaction or a source of punishment

2 External control and the threat of punishment are not the only means for bringing about effort towards organisational objectives Man will exercise self-direction and self-control in the service of objectives to which he is committed

3. Commitment to objectives is a function of the reward associated with their achievement The most significant of such awards, *e g*, the satisfaction of ego and self-actualisation needs, can be direct product of effort directed towards organisational objectives

4 The average human being learns under proper conditions not only to accept, but to seek responsibility Avoidance of responsibility, lack of ambi tion, and emphasis on security are generally consequences of inherent human characteristics

5. The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organisational problems is widely, not narrowly, distributed in the population

6 Under the conditions of modern industrial life, the intellectual potentialities of the average human being are only partially utilised

The assumptions of Theory Y suggest a new approach in management It emphasises on the co-operative endeavour of management and employees

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10 *Ibid* pp 47-48

The attempt is to get maximum output with minimum amount of control and direction. Generally, no conflict is visible between organisational goals and individual goals Thus, the attempts of employee which are in their best interests are also in the interests of organisation

Comparison of Theories X and Y

Both theories have certain assumptions about human nature. In fact they are reverse side of a coin, one representing head and the other representing tail. Thus, these assumptions seem to be mutually exclusive The difference between two sets of assumptions can be visualised as follows .

1. Theory X assumes human beings to be inherently distasteful towards work. Theory Y assumes that for human beings work is as natural as play.

2 Theory X emphasises that people do not have ambitions and try to avoid responsibilities in jobs The assumptions under Theory Y are just the reverse.

3. According to Theory X, most people have little capacity for creativity while according to Theory Y, the capacity for creativity is widely distributed in the population.

4. In Theory X, motivating factors are the lower needs In Theory Y higher order needs are more important for motivation, though unsatisfied lower needs are also important

5. In Theory X, people lack self-motivation and require to be externally controlled and closely supervised to get maximum output from them In Theory Y, people are self-directed and creative and prefer self-control

6. Theory X emphasises scalar chain system and centralisation of authority in the organisation while Theory Y emphasises decentralisation and greater participation in the decision-making process

7. Theory X emphasises democratic and supportive leadership styles McGregor's assumptions in terms of Theory X and Theory Y are based on Maslow's need hierarchy model. In the beginning, when the concept of 'economic man' was accepted, some writers emphasised only on the satisfaction of physiological and safety needs. These were the basic constituents of the motivation model However, because of changes in the value systems and social systems, higher order needs were emphasised for human beings and these needs mostly replaced lower order needs as constituents of motivation model Similarly, assumptions under Theory X are being replaced by assumptions under Theory Y. This is being reflected in the managerial styles and techniques. Today we emphasise management by objectives, management by integration and self-control, supportive management, decentralisation, job enrichment, etc. These techniques are applicable in the organisations where self-motivated, self-controlled, mature, and responsible people work McGregor believes that recent researches in the behavioural sciences have shown that the assumptions of what he calls Theory Y may be more valid than the precepts of Theory X.

THEORY Z

Much after the propositions of theories X and Y by McGregor, people have tried to evolve alternative theory under the caption Theory Z For example, the author has come across three such theories which level themselves as Z These are by Urwick, Rangnekar, and Ouchi [11] However, the theories by Urwick and Rangnekar could not find prominence owing to their lack of any significant departure from what others have described earlier. Urwick has viewed the primary task of every manager to make or distribute goods or services at prices which consumers are able to pay and it is the end towards which he must direct the efforts of those associated with him The people would be ready to direct their behaviour towards organisational goals under two conditions . *(i)* each individual should know the organisational goals precisely and the contributions which his attempts are making towards these ; and *(ii)* each individual should be confident that the realisation of organisational goals is going to affect his needs satisfaction positively, and that none of his needs is threatened or frustrated by the membership of the organisation Management action consistent with these will motivate employees Urwick contends that behaviour is better reflected by a new Theory Z rather than by X or Y. No doubt, this is true, but this is not a new contribution. Such propositions have been given by earlier thinkers in one form or the other. For example, Barnard's acceptance theory of authority is based on the basic purpose of the communication which is a factor for acceptance and obedience of communication Similarly, numerous theories of motivation suggest need satisfaction and its relationship with positive behaviour. Rangnekar's Theory Z identifies nine management styles resulting from three by three matrix based on concern for self, concern for task, and concern for people This is not new but an explanation of tri-dimensional grid Ouchi's Theory Z has attracted lot of attention of management practitioners as well as researchers. The following discussion is based on Ouchi's theory.

It can be made clear that Z does not stand for anything, it is merely the last letter of the alphabet Perhaps the various authors have used it just to describe a state of affairs in the organisation and human behaviour as has been done in the case of theories X and Y. Further, Theory Z is not a theory—it is a label interchangeable with type Z Just for labelling purposes, type Z was perfectly all right. The redundant expression Theory Z was adopted not for analytical or descriptive purposes but for promotional purposes Ouchi's theory Z captures the best in management methods from U.S and Japanese approaches There are four postulates of Theory Z. These are . strong bond between organisation and its employees involvement, no formal organisation structure, and role of leader to bring coordination in human beings rather than in technical factors.

1. *Strong Bond Between Organisation and Employees* Theory Z suggests

11 F L Urwick, 'Theory Z' 'reprinted in *Indian Administrative and Management Review*, Jan-March 1974 Sharu S Rangnekar, 'The Last Alphabet of Management Theory Z', *Industrial Times*, June 1972 William Ouchi, *Theory z*, Reading, Mass Addison-Wesley, 1981

strong bond between organisation and its employees Ouchi has suggested certain methods for this, including the lifetime employment in the organisation as being followed by Japanese organisations This stability must be achieved through the provisions of highly conducive work environment and challenges and participation in decisions When there is a situation of layoff, it should not be resorted to and shareholders and owners can share the resultant loss by accepting less profits or even moderate losses for a short period of time Another factor necessary for stability of employment is the slowing down of evaluation and promotion which brings saturation in employees' prospects very soon As against vertical movement of employees, more emphasis should be placed on horizontal movement which reduces stagnation. A career planning for employees should be prepared so that every employee is suitably placed Slowing down of promotion and financial incentives can be made up by non-financial forms of evaluation such as frequent involvement with superiors or projects They communicate the expectation of greater income in the future without creating short-term incentives

2 *Employee Involvement* Employee involvement is the important factor in Theory Z The involvement comes through meaningful participation However, it does not mean that employee participation is necessary in all decisions In fact, there can be some decisions which are taken without consulting employees but they are informed later. There can be some decisions where employees' suggestions are taken but the final decisions are taken by management In the case of remaining decisions, the process should be a joint one. However, any decision affecting employees in any way should be taken jointly and if there is any decision which the management wants to take individually, the employees should be informed about this so that they do not feel ignored The idea is not to slow down the decision-making process but to involve employees for their commitment and giving due recognition to them

3. *No Formal Structure* Theory Z supposes no formal structure for the organisation Instead, it must be a perfect teamwork with co-operation along with sharing of information, resources and plans. Ouchi has given the example of a basketball team which plays well together and solves all problems with no formal reporting relationships and minimum of specialisation of positions and of tasks [12] In the same way, an integrated organisation does not have any chart, divisions, or any visible structure It places emphasis on rotational aspect of employee placement which provides opportunities to him to understand how his work affects others or is affected by others. This enables him to develop group spirit which is the basic backbone of success.

4 *Coordination of Human Beings* The leader's role is to coordinate people and not technology to achieve productivity. This involves developing people's skills and also the creation of new structures, incentives, and a new philosophy of management The purpose is to achieve commitment of employees to the development of a less selfish-more co-operative approach to work Before commitment can occur, however, there must be understanding

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12 Ouchi, *Op ci*

which comes from the open expression of skepticism through a process of debate and analysis. The leader must develop trust which consists of the understanding of fundamentally compatible goals of the desire for the more effective working relationship together To develop trust, there should be a complete openness and candour in the relationship This develops a common culture and imbibes the class feeling in the organisation.

Thus, Theory Z provides a complete transformation of motivational aspect of employees which other theories are not able to emphasise However, it can be mentioned that theory Z is not merely a motivational technique but involves the complete transformation of management actions including various management techniques The basic question is whether the same pattern can be followed by Indian organisations This question becomes important from two points of view. First, we are trying to have more collaboration from Japanese organisations which emphasise more on Theory Z. In this process, we may import Japanese management culture as we have been doing with western culture Second, our socio-cultural pattern is different than what Theory Z organisations may require The process of implementing Theory Z has already started, though on a very limited scale. For example Krishnamurthy, the chairman of Maruti Udyog Limited which is in the process of producing Maruti car in collaboration with Suzuki Motor Company of Japan, has said that 'I think if we have to make Japanese cars with Japanese quality and at the Japanese costs in our country, there is only one way—the Japanese way. In fact, he has tried to implement some of the tenets of Theory Z. For example, the work place has been designed on the Japanese pattern A common canteen has been provided where everybody takes lunch irrespective of hierarchy Similar uniform has been introduced for all All these have been done to avoid class or group feeling [13] Many more Japanese methods are to be adopted Whether this will be successful or otherwise, only time will tell

There are some features which may work against the precepts of Theory Z *First*, the provision of life-time employment to develop strong bond between the organisation and its employees seems to be difficult because of two reasons One, the employer is unlikely to retain an employee who is otherwise unproductive because of easy availability of substitutes Two, an average Indian employee will not hesitate to switch over, if there is a relative rise in his income or other non-monetary benefits Thus lifetime employment seems to be a difficult proposition and consequently the unusual loyalty of the employees *Second*, the Theory Z organisation emphasises on common culture and imbibes a class feeling within the organisation. This again seems to be very difficult because people come from such a wide variety of environments that a citizen from north may be an alien in south People differ in habits, eating pattern, dress, and languages which may be barrier in developing common culture. Moreover, our society has been based on classes with caste

13 V Krishnamurthy, New Delhi 2nd Annual General Meeting of Maruti Udyog Limited, 29th September, 1983

system being the base for that. The caste system is certainly based on class. *Third*, the proposition that shareholders will accept less profit or accept losses to avoid layoff does not seem to be feasible in Indian context where most of the organisations believe in low level of social responsibility. *Fourth*, the participation in Indian context has its limitations which have been described in Chapter 17. *Fifth*, there may be some operational problems in implementing Theory Z For example, organisation without its structure has been emphasised by many but how actually it works is yet unanswered. A large organisation without some kind of structure, even though highly flexible, may present chaos. It may be true with the basketball team but when it comes to large organisations, it presents problems. Even modern American organisations could not follow this Similarly, horizontal movement of employees may not derive the advantages of specialisation which is the order of the day. The degree of horizontal movement is limited to the extent to which skills needed for one job can be transferred to other job. However, this may not pose big problems as has been demonstrated by many companies where there is interchange of people across the functional boundary. It can be summed up that Theory Z does not present the total solution of motivational problems at least at the present.

IMMATURITY-MATURITY THEORY

Argyris has examined industrial organisations to determine what effect management practices have on individual behaviour and personal growth within the environment.[14] According to him, seven changes should take place in the personality of individuals if they are to develop into mature people over the years These changes reside on a continuation and the healthy personality develops along the continuum from immaturity to maturity.

Immaturity characteristics	*Maturity characteristics*
Passivity	Activity
Dependence	Independence
Capable of behaving in a few ways	Capable of behaving in many ways
Shallow interest	Deep interest
Short-term perspective	Long-term perspective
Subordinate position	Superordinate position
Lack of self-awareness	Self-awareness and control

These changes are as follows:

1. Individual moves from a state of passivity as a child to one of increased activity as an adult. A child is characteristically in the hand of his environment; his life is a series of events occurring without his choice. On the other hand,

14 Chris Argyris, *Personality and Organisation,* New York · Harper & Row, 1957

an adult knows how to control the environment and can control the occurring of events.

2. He develops from a state of dependence as a child to a state of relative independence as an adult. This process occurs unevenly making some people very independent and leaving others quite nestled close to protective people.

3. Individual, as child, behaves in only a few ways but, as adult, he is capable of behaving in many ways The adult is both less predictable and more adaptable than the child.

4. Individual has erratic, casual, and shallow interests as child, but develops deeper and stronger interests as adult. Gradually he acquires a fairly well-defined set of interests, some of which can absorb him for hours and offer him a great deal of satisfaction.

5. Individual as a child is almost exclusively concerned with the present; his time prespective is very short. As a mature, his time perspective increases to include the past and the future. His behaviour is influenced by past events also. He is also very much concerned with what may or may not happen in future.

6. Individual, as a child, is subordinate to everyone. As an adult he moves to equal or superior position to others. Though he might be working as superior or subordinate depending upon the situation, he does not think himself as being inherently to be a follower.

7. Individual, as a child, does not have a habitual set of attitudes about himself and indeed does not have much of a self to have attitudes about. As adult, he thinks about himself and is aware of the kind of person he is. He has an ego and may go to some extent to protect it.

Implications of the theory

These changes are only general tendencies, but they give some light to the matter of maturity. The tendency is to move towards the maturity end of the continuum with age, though norms of the individual's culture and personality inhibit and limit maximum expression and growth of the adult. Argyris himself accepts that very few persons develop to full maturity. He views that immaturity tends to exist in individuals not because of their nature of laziness, but because of organisational setting and management practices. When individuals join the organisations they are given very little opportunity to control the environment; they are encouraged to be passive, dependent, and subordinate, and hence they behave immaturely. He feels that keeping people immature is built into the very nature of formal organisation which is based on four principles of classical approach management: task specialisation, chain of command, unity of direction, and span of management. Coupled with organisation structure, directive leadership and management controls, such as, budgets, time and motion study, and standard operative procedures restrict the initiative and creativity of the individuals.

Argyris has suggested that a healthy organisation is one which is realistic about both itself and its situation flexible, and able to summon its best

resources to meet whatever challenges it may encounter. Since human resources are the best resources of any organisation, there should be a proper integration between organisational and individual goals. Therefore, what is best for an individual is also for an organisation and *vice - versa* He proposes a programme of gradually phasing from the existing pyramidal organisation structure to humanistic system , from existing management system to the more flexible and participative management Such situations provide individuals the opportunity to grow mature and keep them satisfy more than just physiological and safety needs, which, in turn, motivate them and allow them to use more of their potential in accomplishing organisational goal

VROOM'S VALENCE EXPECTANCY THEORY

Criticising Herzberg's two-factor theory, Vroom has proposed an alternative theory of motivation Accordingly, people will be motivated to do things to achieve some goals to the extent that they expect that certain actions on their part will help them to achieve the goal. Vroom's model is built around the concepts of value, expectancy and force ; its basic assumption is that 'the choice made by a person among alternative courses of action is lawfully related to psychological events occurring contemporaneously with the behaviour [15] Vroom's concept of force is basically equivalent to motivation and may be shown to be the algebraic sum of products of valences multiplied by expectations Thus,

Motivation (force) = Valence × Expectancy.

Valence According to Vroom, valence means the strength of an individual's preference to a particular outcome. Other terms equivalent to valence used in various theories of motivation are incentive, attitude, and expected utility. In order for the valence to be positive for individual, he must prefer attending the outcome to not attending it, a valence of zero occurs when the individual is indifferent toward the outcome ; and the valence is negative when the individual prefers not attaining the outcome to attaining it. Another major input into the valence is the instrumentality of the first level outcome in obtaining a derived second outcome. Hunt and Hill have exemplified it by promotion motive For example, assume that an individual desires promotion and feels that superior performance is a very strong factor in achieving that goal His first level outcomes are then superior, overall, or poor performance His second level outcome is promotion The first-level outcome of high performance thus acquires a positive valence by virtue of the expected relationship to the preferred second level outcome of promotion [16] In this case, the person would be motivated for superior performance because of his desire to be promoted. The superior performance (first-level outcome) is being instrumental in obtaining promotion (second-level outcome)

Expectancy Another factor in determining the motivation is expectancy, that is, the probability that a particular action will lead to the outcome.

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15 Vroom, *Op cit*, p 11

16 J G Hunt and J W Will 'The New Look in Motivation Theory for Organisational Research', *Human Organisation*, Summer, 1969, p 104

Expectancy is different from instrumentality input into valence. Expectancy differs from instrumentality in that it relates efforts to first-level outcomes where instrumentality relates first and second-level outcomes to each other.[17] Thus, expectancy is the probability that a particular action will lead to a particular first-level outcome The strength of motivation to perform a certain act will depend on the sum of the products of the values for the outcomes times the expectancies

Implications of the Theory

One of the important features of this theory is that it recognises individual differences in work motivation and suggests that motivation is a complex process as compared to Maslow's or Herzberg's simplistic models. It also clarifies the relationship between individual and organisational goals. Hunt and Will point out that 'instead of assuming that satisfaction of a specific need is likely to influence organisational objectives in a certain way, we can find out how important to the employees are the various second-level outcomes (worker goals), the instrumentality of various first-level outcomes (organisational objectives) for their attainment and the expectancies that are held with respect to the employees' ability to influence the first-level outcomes.[18] Thus, Vroom's theory is consistent with the idea that a manager's job is to design an environment for performance, necessarily taking into account the differences in various situations Furthermore, this theory is also quite consistent with management by objectives. However, Vroom's theory is difficult to research and apply in practice This is evident by the fact that there have been only a few research studies designed specifically to test the Vroom theory. In fact, Vroom himself depended largely upon researches conducted prior to the formulation of his theory Nevertheless, from a theoretical standpoint the Vroom model seems to be a step in the right direction but does not give the manager practical help in solving his motivational problem

PORTER AND LAWLER MODEL OF MOTIVATION

Built in large part on expectancy model, Porter and Lawler have derived a substantially more complete model of motivation and have applied it in their study primarily to managers.[19] They propose a multi-variate model to explain the complex relationship that exists between job attitudes and job performance (Fig. 8·6.). Their model encounters some of the simplistic traditional assumptions made about the positive relationship between satisfaction and performance Porter and Lawler explain their choice for the expectancy approach as under : 'The emphasis in expectancy theory on rationality and expectations seems to us to describe best the kinds of cognition that influence managerial performance We assume that managers operate on the basis of some sort of expectancies which, although based upon previous experience, are forward-oriented in a way that does not seem to be as easily handled by the

17 *Ibid*

18 Hunt and Will, *Op cit*, p 105

19. L W Porter and E E Lawler *Managerial Attitude and Performance*, Homewood. Ill . Richard D. Irwin, 1968

concept of habit strength.[20] The various elements of this model are as follows:

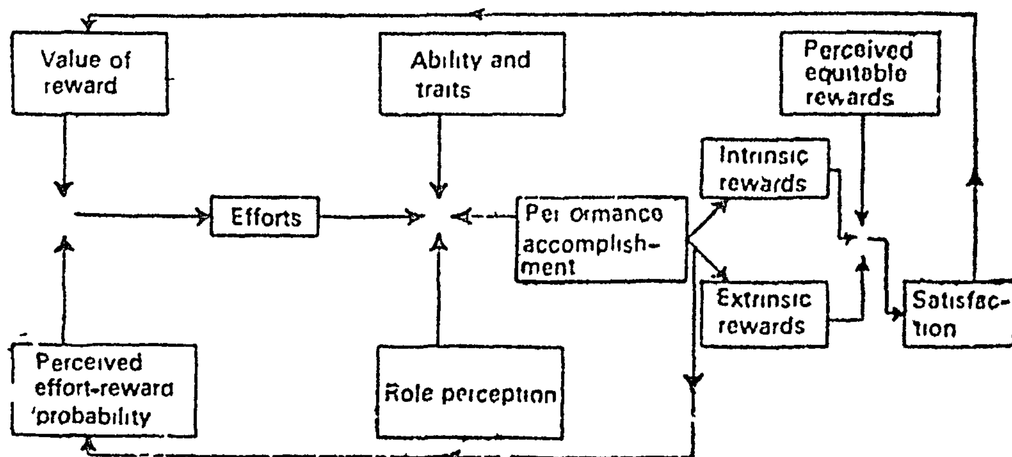


Fig 8·6 The Porter and Lawler motivation model
(Adapted from Porter and Lawler, *op cit*, p 195)

Effort Effort refers to the amount of energy exerted by an employer on a given task Perceived reward probability refers to the individual's perception of the probability that differential rewards depend upon differential amounts of effort These two factors—value of reward and perception of effort-reward probability—determine the amount of effort that the employee will put in.

Performance Effort leads to performance but both of these may not be equal, rather, performance is determined by the amount of effort and the ability and role perception of the individual Thus, if an individual has little ability and/or inaccurate role perception, his performance may be ineffective in spite of his putting in great efforts.

Rewards Performance is seen as leading to intrinsic rewards (such as a sense of accomplishment and actualisation) and extrinsic rewards (such as working conditions and status). However, the intrinsic rewards are much more likely to produce attitudes about satisfaction that are related to performance. In addition, the perceived equitable rewards vitally affect the performance-satisfaction relationship. They reflect the fair level of rewards that the individual feels should be given for a given level of performance

Satisfaction. Satisfaction is derived from the extent to which actual rewards fall short, meet or exceed the individual's perceived level of equitable rewards. If actual rewards meet or exceed perceived equitable rewards, the individual will feel satisfied; if these are less than equitable rewards, he will be dissatisfied. Thus this provides two implications. First, satisfaction is only in part determined by actual rewards Second, satisfaction is more dependent

20 Porter and Lawler, *Op cit*, pp 12-13

on performance than performance is on satisfaction. Only through the less-direct feedback loops will satisfaction affect performance. This is a marked departure from the traditional analysis of the satisfaction-performance relationship.

Implications of the Theory

Based on the results of the study, Porter and Lawler point out that 'these variables presumed to affect performance turned out to show relations to performance and those variables presumed to result from performance also typically were related to performance' After the review of related research studies, they conclude that 'over all the evidence on the relationship between expectancy attitudes, importance attitudes, and performance provides rather impressive support for our model'. The model, although more complex than other models of motivation, explains fully the different variables underlying in motivation. In practice, too, motivation is not a simple cause-effect relationship rather it is a complex phenomenon. The model suggests that managers should carefully assess their reward structures and that through careful planning and clear definition of role requirements, the effort performance-reward-satisfaction system should be integrated into an entire system of managing.

CARROT AND STICK APPROACH OF MOTIVATION

The carrot and the stick approach of motivation comes from the old story that the best way to make a donkey move is to put a carrot out in front of him or jab him with a stick from behind The carrot is the reward for moving and the stick is the punishment for not moving. The carrot and the stick approach of motivation takes the same view. In motivating people for behaviour that is desirable, some carrots, rewards, are used such as money, promotion, and other financial and non-financial factors, some sticks, punishments, are used to push the people for desired behaviour or to refrain from undesired behaviour. The punishment may be defined as presenting an aversive or noxious consequence contingent upon a response.

Though in various theories of motivation, the terms carrot and stick are avoided, these still form the basis of motivation if administered properly. The organisation requires certain controls and influences over its external and internal environments. The control of internal environment is largely a mechanism of influencing the behaviour of organisational members in certain direction to achieve its objectives. This can be explained in overt or implied reward and punishment system. Organisations build reward and punishment system in their formal structure, though many of the factors cannot be provided by structure alone; for example, the social prestige of a member in the informal groups. Further, many of the reward and punishment factors, particularly the latter, may not necessarily be within the control of the organisation which are affected by external environment, for example, dismissal of an employee for bad performance.

The role of carrots has been adequately explained by various theories of motivation when these analyse what people want to get from their perform-

ance, that is, the positive aspects of behaviour and its rewards. Such rewards may be both financial and non-financial, as discussed later in this chapter. The stick also pushes people to engage in positive behaviour or overcoming negative behaviour, though its role is not as forceful as the role of carrot in getting positive behaviour in most of the cases The basic reason for this phenomenon is that stick is not controlled by the organisation alone but many other forces also come in the picture In order to make the stick work more effectively, following points should be taken into consideration while using it:

1. Punishment is effective in modifying the behaviour if it forces the person to select a desirable alternative behaviour that is then rewarded.

2. If the above does not occur, the behaviour will be only temporarily suppressed and will reappear when the punishment is removed Furthermore, the suppressed behaviour may cause the person to be fearful and anxious.

3 Punishment is more effective if applied at the time when the undesirable behaviour is actually performed.

4 Punishment must be administered with extreme care so that it does not become reward for undesirable behaviour. A punishment, from one point of view, may become a reward for the person concerned

The mixture of both carrot and stick should be used judiciously so that both have positive effects on the motivational profile of the people in the organisation

CONTINGENCY APPROACH OF MOTIVATION

The appraisal of various theories of motivation and resultant motivational strategies suggested by these fails to provide any concrete result as to how a manager can be sure about the way he can motivate people in the organisation The various theories suggest that there is no universal device applicable to everyone What motivates people is situational This is the basic theme of contingency approach of motivation. This shows the complexity of human behaviour and consequently the inability to predict his behaviour. Since individuals differ, as discussed earlier, it is not possible to motivate them by a single method Thus universality of motivational strategy is out of question However, it does not mean that various theories do not offer any help In fact, the contingency approach is derived out of these theories which merely suggest that in motivating people, all the contextual variables must be specified and their inter-relationship should be established When this is done, it may be easy to find out what would be the best motivational strategy. Following factors seem to be important in this respect: individual personality, organisational climate, and type of incentives available

1. *Individual Personality* Individual differences suggest that all people do not like the same things Consequently, their need pattern will be different This is the reason that research studies show conflicting results when a particular theory is tested in the field Thus the analysis of individuals will give a clue as to what a person wants.

2 *Organisational Climate* A person's needs are determined by his initial needs as well the needs which he develops through the interaction with the

organisation. It means many of individual's needs are modified by organisational factors. The various organisational factors may be termed as organisational climate which will be discussed later. Since there is a relationship between organisational climate and arousal of individual needs, organisational climate can be used to motivate people

3 *Available Incentives.* No doubt, organisational climate will affect human behaviour, what is more important for motivating people is the availability of various types of incentives through which they can be motivated. Availability and applicability of incentives is determined by various factors, both internal and external. For example, an organisation is considerably restricted by its environment in distributing financial incentives It cannot fix its salary and wage structure in total disregard of its internal and external factors Thus people's motivation will be decides by these factors.

When all these factors are considered, a manager can get some insights of how in each case, he should go for motivating people Thus rather than going for a universal framework of motivation, he should decide this on the basis of situational factors

INCENTIVES

The needs of individuals serve as a driving force in human behaviour. In the context of these needs, management tries to govern the behaviour of employees in satisfying their needs. The objects which are perceived to satisfy their needs are called incentives Incentives may be either positive or negative. Positive incentives attract people and when they obtain these incentives they feel satisfied. Examples of positive incentives are increase in pay, prospect of promotion, etc Employees will try to achieve these. Negative incentives are those which motivate an individual to abstain from doing something Examples are fine for doing certain thing in the organisation, demotion for not maintaining particular efficiency, etc Sometimes, substitute incentives are also applied. These are artificial and are used as substitute for normal incentive For example, an employee may be given extra rise in pay instead of promotion

Individuals have varied types of needs Some of them can be satisfied by money, while others cannot be satisfied by money alone. On the basis of this the various incentives which may be used by the organisations may be classified into two parts, *viz*, financial incentives and non-financial incentives.

Financial Incentives

In the context of existing economic system, money has become a means not only to satisfy the physical needs of daily life, but also of obtaining social position and power Human beings first take care of their primary needs of food, shelter, etc. Since money has the exchange value, money becomes a basic incentive for individuals The organisations offer wages which become incentives for individuals to join the organisation. The wage structure should be such that it motivates the present and prospective employees of the organisation. The traditional management thinkers have emphasised financial incentives to get best out of an individual, but modern theories do not

emphasise the role of money. Theories, particularly those by Maslow and Herzberg, place the role of money at quite a low level.

However, it should be borne in mind that money has significance in the motivational scheme which may not necessarily be covered by these theories. Since money is not an end but a means of purchasing ends, it can gratify both physical and safety needs, the lower-order needs. Thus to some people, money is not important, whether they have a lot or little. Others, no matter how much money they have, are continuously driven by the desire to acquire more money, possibly to satisfy their desire for status or their goal of being rich (esteem and self-actualisation needs respectively in terms of need-hierarchy) Thus money is a factor by which a person can satisfy his various types of needs Research indicates that for some persons money can be instrumental in satisfying esteem and recognition needs as well as basic physiological needs [21]

Economists and some managers tend to put the special emphasis on money as motivator while behavioural scientists do not recognise this. From organisation's point of view, the fact may be in between, that is, the role of money as a motivating force must be seen in organisational context Following points are important for analysing the role of money as motivator.

1. Economic conditions necessarily affect the importance of money as a motivator. Money is an urgent means of achieving a minimum standard of living, although this minimum has a way of expanding upward as people become more affluent. However, this cannot be taken as generalisation because for some people, money will remain important irrespective of their economic conditions, while for others, it is not important after a certain level

2. The type of organisation also determines the importance of money to the people For example, Gellerman points out that in most kinds of business organisations, money is actually used as a means of keeping an organisation adequately staffed and not as a motivator.[22] This can be seen in the practice of making wages and salaries competitive between various organisations so as to attract and hold people

3 If the money is to act as motivator, it is necessary to assume a relationship between performance and reward in terms of money Those who seek money will be motivated only if they can clearly link higher performance to the reward of money Moreover, people are concerned not only with absolute amount of money they are paid for their efforts ; the relationship of this amount to what others are paid is also important. This is based on equity theory. This suggests that people at the same level should be paid same or nearly same money.

4 Money to act as motivator in the organisation should be given in sufficient quantity to the people. Gellerman suggests that money can

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21 Edward E Lawler, *Pay and Organisational Effectiveness A Psychological View*, New York McGraw-Hill, 1971

22 S W Gellerman, *Management by Motivation*, New York · American Management Association, 1968, p 173

motivate only when the prospective payment is large enough relative to a person's income.[23] The people will try to earn money by their higher performance if they feel that additional money earned by their efforts is a significant portion of their income.

5. The social attitude towards wealth plays an important role in determining whether, within a given culture, money will be actively sought and used to satisfy human needs. In some societies, the personal acquisition of wealth has been looked upon as evil, or as being beneath the dignity of man. For such cultural values, the money cannot act as motivator.

Non-Financial Incentives

Financial incentives are used to motivate employees for higher work. However, individuals have various needs which they want to satisfy while working in the organisation. People at comparatively higher level of managerial hierarchy attach more importance to socio-psychological needs which cannot be satisfied by money alone Thus management, in addition to the financial incentives, provides non-financial incentives to motivate people in the organisation. The connotation of non-financial incentives does not mean that organisation has nothing to spend on these However, the emphasis of non-financial incentives is to provide psychological and emotional satisfaction rather than financial satisfaction. For example, if an individual gets promotion in the organisation, it satisfies him psychologically more, that is, he gets better status, more challenging job, authority, etc , than financially though he gets more pay also by way of promotion. Some important non-financial incentives are as follows :

(i) Status Status, in general terms, is the ranking of people in the society. In the organisational context, status means the ranking of positions, rights and duties in the formal organisation structure The status system is an instrument of motivation because it is extremely important for most of the people The status system should be closely related to the abilities and aspirations of people in the organisation.

(ii) Promotion. Promotion is defined as a movement to a position in which responsibilities and presumably prestige are increased Promotion satisfies the needs of human beings in the organisation Since the promotion depends upon capabilities and good performance, people will try for that if the venues for promotion exist.

(iii) Responsibility Most of the people prefer challenging and responsible jobs rather than monotonous and routine type jobs. If the job is responsible, it satisfies people's natural and inherent characteristics and they put more efforts for completing the job.

(iv) Making Job Pleasant and Interesting The work can be made enjoyable and pleasant if it is so designed that it allows the employees to satisfy their natural instincts This creates interest in the work and employees take it as natural as play. Job enlargement – a method of making job more complicated and varied – makes the job more pleasant and interesting

23 *Ibid,* p 189

(v) Recognition of Work. Most people have a need for a high evaluation of themselves. They feel that what they do should be recognised by others concerned Recognition means acknowledgement with a show of appreciation When such appreciation is given to the work performed by employees, they feel motivated to perform work at similar or higher level.

(vi) Job Security. Employees want that their job is secure. They want certain stability about future income and work so that they do not feel worried on these aspects and they can work with greater zeal In India, this aspect is more important considering the inadequate job opportunities and too many aspirants for these However, there is one negative aspect of job security. When people feel that they are not likely to forfeit their jobs, they become complacent

Important Elements of a Sound Motivational System

A critical analysis of the various motivational models reveals that there is wide scope of variability in the factors of motivation As such, management will be in dilemma as to how to motivate their employees to get best results. Moreover, these models have been given by foreign contributors which are more applicable to their industrial system. In our country, because of different socio-economic conditions, these models are applicable with certain reservations. Thus, while adopting a motivational model, some important considerations should be kept in mind These can be summarised as follows

1. *Adequate Motivation* The motivation system should be adequate covering the entire human force in the organisation and it should cover entire activities of the working force. Sometimes, the presence of a motivational factor fails to produce any effective result, particularly when its amount is too small In such a case, its energetic force should be increased so that it motivates strongly

2 *Analysis of Motives* A good motivation system also attempts at analysing the factors which motivate the employees in the prevailing organisational environment Study of the various needs of the employees, degree of intensity and the prospective consequences of satisfying them or continuing them dissatisfied on output should be conducted.

3 *Simplicity in Motivational System* The system should be simple both in terms of its understanding by the employees and its applicability in the organisation Employees' efforts are directed to goal only when they perceive that a particular goal exists and this requires a particular type of efforts The system should be simple to be adopted by the organisation at various levels

4. *Uneven Motivation* In the organisation, all the employees are not of same type They differ in education, attitude, ambition, etc Thus, more educated, ambitious persons can be motivated up to very high level, while others cannot be If such employees are motivated beyond a certain limit, this may create frustration in them as overloaded or unachievable goals create frustration

JOB DESIGN AND MOTIVATION

Besides various financial and non-financial incentives, job design has emerged as an important application area for work motivation Most people who work for a living spend a significant amount of their waking hours at the workplace executing the requirements, duties, and functions of their jobs. Their satisfaction or dissatisfaction at workplace is usually carried over to homes as well. Thus, their satisfaction at workplace contributes significantly to the overall quality of lives. Satisfaction or dissatisfaction at work depends mostly on job design. Therefore, managers can affect the level of satisfaction of people in the organisation by suitably designing work

A job is a grouping of tasks within a prescribed unit or units of work. Job design is a deliberate attempt made to structure the technical and social aspects of work Thus, job design encompasses the components of the tasks to be done, and the interaction pattern among the employees in order to get the job done. The basic objective of job design is to find a fit between a job and job performer so that job is performed well and the job performer experiences satisfaction and puts his best for job performance

Factors in Job Design

There may be various factors in job design. Such factors can be grouped into three major categories · core job characteristics, individual factors, and environmental factors Let us see how each of these affects job design.

1 *Core Job Characteristics* There are five job characteristics which are central to providing motivation to workers These are skill variety, task identity, task significance, autonomy, and feedback from the job itself. Skill variety denotes the extent to which any particular job utilises a range of skills, abilities, and talents of the employees Task identity indicates the extent to which the job involves identifiable piece of work Task significance refers to the importance of job both in organisational context to which the job involves identifiable piece of work. Task significance refers to the importance of job both in organisational context and outside it. Autonomy refers the extent to which the job provides an employee the freedom, independence, and discretion to schedule work and make decisions, and formulate, the procedures to get the job done without interference from others Feedback refers the extent to which the person who is working on the job can assess whether he is doing things right or wrong while doing the job These core job characteristics affect three psychological states . feeling of meaningfulness of the work, feeling responsibility for the work done, and knowledge of results of personal performance of the job Thus, these determine motivating potential of a job. High content of these will be more motivating

2 *Individual Factors* Individual characteristics also determine the extent to which an individual derives satisfaction from a job Since there are differences in individuals, different jobs suit to different individuals, for example, personality characteristics determine the suitability of persons for different jobs as discussed earlier

3 *Environmental Factors.* A job is performed within the context of environment. Therefore, the effects of job characteristics on job results are moderated by situational work environment factors. Work environment factors may be in the form of technical and social aspects The technical aspect can be classified into two categories : the major dominant technology used by the organisation (such as automated, manual) and the technology of the job (routine or complex). The social aspect of work environment includes organisational control system, distribution of power in the organisation, reward system, and leadership The key point of technical and social aspects of job, known as socio-technical system, is that job design efforts, to be most effective, must consider these aspects of a job situation.

Approaches to Job Design

Jobs can be designed to range from highly simple to highly complex tasks in terms of the use of the workers' skills. The various job design techniques include job simplification, job enlargement, job rotation, and job enrichment.

Job Simplification

In job simplification, jobs are broken down into very small parts as in assembly line operations where a fragmented task is repeatedly done over and over again by the same individual The productivity of the worker may be high because he gains proficiency and deftness in doing the repetitive task. However, this type of job produces boredom and monotony to the workers and there may be tendency of absenteeism among them This type of job is suitable for workers having low skills.

Job Enlargement

Job enlargement is also adopted as a means for motivating people in the organisation As against job enrichment, job enlargement involves performing a variety of jobs or operations at the same time. Thus it involves horizontal job loading as compared to vertical one. Argyris feels that job enlargement avoids monotony which is the result of high degree of specialisation and division of labour. Since a person performs a variety of jobs, he remains interested in this variety However, Herzberg feels that merely giving a person different kinds of jobs is not enough because the basic nature of the job remains the same As such it does not work as a motivating factor Rather, there should be upgradation of authority and responsibility

Job Rotation

Job rotation has also been suggested as a motivational strategy. In this case, a person is required to perform one job at one time but he is rotated at different jobs after certain period of time Thus by performing a particular job only up to limited period, the person can find a change in new job and his continuity of interest in jobs remains there. This has almost the same effect as the job enlargement has However, there are certain problems in this case. First, productive work may suffer because of the obvious disruption caused by such changes. Second, job rotation becomes less useful as specialisation proceeds, for few people have the breadth of technical knowledge and skills

to move from one job to another job. Third, there is no appreciable change in personal satisfaction unless the jobs are such that the person is really interested in them. For this purpose, the job rotation is not required. Thus the role of job rotation in motivating people is limited.

Job Enrichment

Policy on incentives must maintain a high level of flexibility. It must be prepared to adjust incentives to the man, the time, and the situation Incentives should be used as the means of offering satisfaction to the whole man Job enrichment may be an important practice in meeting 'whole man' needs It represents a new, popular non-monetary motivational technique It is an extension of job enlargement technique. The difference between job enrichment and job enlargement lies on the nature of additions to the job Enlargement involves a horizontal loading, or expansion, or the adding of more tasks of the same general nature or type Enrichment involves vertical loading, addition giving more challenge. Thus job enrichment applies to improvement of job in such a way that it has more motivators than before and at the same time maintaining the degree of maintenance factors It is based on the assumption that in order to motivate personnel, the job itself must provide opportunities for achievement, recognition, responsibility, advancement, and growth.

Approaches to Job Enrichment

There can be several approaches to job enrichment However, following points are worth mentioning ·

1. There is not a single and universally acceptable method of motivating employees at various levels As such no single technique can be suitable for job enrichment The best course is to identify the motivational pattern of employees at various levels taking into account the impact of individual differences. Generally, for less skilled and lower level employees, extrinsic factors of job, such as, job security, pay benefits, flexible rules, more sympathetic understanding by supervisors are most important, while for skilled and higher level employees, intrinsic factors, such as responsibility, prestige, status, etc , are more important. Due emphasis should be given to these factors while taking a plan of job enrichment

2. The employees should be given adequate benefit arising out of job enrichment There is a need for communicating the result of job enrichment to the employees. This way, they feel more involved in the organisation and take greater interest in their jobs

3. People like to be consulted and to be given an opportunity to offer suggestions. When their suggestions are given due weightage and incorporated in the functioning of the organisation, they feel motivated to put their maximum efforts for getting things done coming out of suggestions

Assessment of Job Enrichment

Although behavioural scientists and management practitioners have criticised the two-factor theory emphasising job enrichment of Herzberg long before, it is only in the 1970, that both theoreticians and practitioners

questioned the value of job enrichment In general, the same criticisms of the two-factor theory apply to job enrichment Apart from the problems in appling job enrichment into practice, it does not offer the results as anticipated. *First*, there is a basic question whether workers really want the type of changes in work contents under job enrichment programme Various surveys, as reviewed by Fein, suggest that very few workers are dissatisfied from their present jobs and only little proportion of them want a change in their job contents [24] In India, this problem is more serious because workers, as discussed later in this chapter, want more wages and job security *Second*, job enrichment is basically limited to unskilled and semi-skilled workers. Jobs of highly skilled, managers, and professionals are of varying degree and offer high challenges and accomplishment As such there is very little scope of applying job enrichment These can be enriched not by usual methods but by applying modern management techniques, such as, management by objectives, participative management, delegation of authority, status systems, etc

Besides these limitations, there are some problems in applying job enrichment in practice because of which it does not pay adequate dividends First, the major problem appears to be the tendency for top managers and personnel specialists to apply their own scale of values of challenge and accomplishment to other people's personalities This evokes more resistance from workers rather than accepting it. Second, there is a tendency to impose job enrichment on workers rather than applying it with their consent. Such type of problems have been faced by many organisations which have attempted job enrichment

Despite this limitation, Ford and many others have gone on to generalise that job enrichment is the solution to all the behavioural problems facing modern management [25] However, this type of generalisation does not seem entirely justified and enrichment is not a panacea for all behavioural problems It is, of course, a valuable motivational technique, but management must use it selectively and give proper recognition to the complex human and situational variables

Job Design and Quality of Work Life

Job design has significant impact on the quality of work life Quality of work life (QWL) refers to the favourableness or unfavourableness of a job environment for people. The indices for QWL are job involvement, job satisfaction, sense of competence, job performance, and productivity Favourable QWL results into positive consequence in these factors Let us see how job design affects these factors and consequently the quality of work life

1. *Job Involvement* Job involvement indicates the extent of people's identification with or ego investment in the job. Job involved people spend more time on job and turn out better performance. Challenging jobs which

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24 Mitchell Fein 'Job Enrichment A Revaluation', *Sloan Management Review*, 15(2), Winter 1974, pp 69-88

25 Robert N Ford *Motivation Through the Work Itself*, New York American Management Association, 1969

have skill variety, influence employees to get involved with their jobs Similarly people with high need for achievement and high work ethic feel involved in jobs

2 *Job Satisfaction* Job satisfaction is a set of favourable or unfavourable feelings with which employees view their jobs, more specifically the nature of jobs they do, the quality of supervision they receive, co-workers' pay and perks, and promotional avenues Job satisfaction affects job performance, employee turnover, and absenteeism. High job satisfaction results into high work performance, less employee turnover and less absenteeism.

3 *Sense of Competence* Sense of competence denotes the feelings of confidence that one has in one's own competence Job design affects the sense of competence By engaging in a work that calls for a variety of skills, abilities, and talents, individuals gain mastery over their work environment. As they engage themselves more and more in work activities, they acquire a great sense of competence and experience higher level of job involvement This job involvement further adds to sense of competence. Thus, sense of competence and job involvement mutually reinforce each other High sense of competence and job involvement produces high job satisfaction and productivity.

4 *Job Performance and Productivity* Job involvement, job satisfaction, and sense of competence affect job performance and productivity by employees When the level of job performance and productivity factors – job involvement, job satisfaction, and sense of competence – is high, we find that there is fit among the predisposition of employees and the type of jobs they are assigned to do Since there is congruence between the employee and the job, there is high level of job performance

MOTIVATIONAL PATTERN IN INDIAN ORGANISATIONS

Various research studies have been conducted in Indian context to find out what motivates people for better performance These researches are, however, concerned mostly to find out applicability or non-applicability of these theories in Indian environment This part presents a review of Indian researches so as to suggest a model for motivation policy relevant to Indian environment This is so because motivation is a complex problem as shown by various theories and is determined by both individual and organisational factors As such, it is not necessary that many of the theories developed in economically advanced countries may apply to Indian situations because ours is basically a developing country and situational variables may be quite different as compared to advanced countries

When we take human beings in organisations for analysing motivational pattern, we identify two groups of individuals – managers and workers While there are some common problems in terms of their need fulfilment and satisfaction associated with them as human beings, workers tend to identify themselves distinctly This is to be because management enjoys certain authority in the organisation to make and implement the decisions, while workers are devoid of such authority Management actions, to a very great extent, affect the interest and need satisfaction of the workers

Further, family and social background, level of education and competence, aspiration and growth avenues in the organisation create distinction between the expectations of managers and workers while working in the organisations

Motivation of Managers

There are various studies conducted to show what motivates Indian managers. In a study by Lahiri and Srivastava to test applicability of Herzberg's two-factor theory, it was found that for middle level managers, responsibility, domestic life, accomplishment, job, and the utilisation of abilities on the job were found to be motivational factors while organisational policy and administration, promotion, salary, superior, and growth were dissatisfiers [26] In another study on the same pattern by Sawlapurkar *et al*, it was found that for middle level managers, many of the maintenance factors such as job security, loss, company, working conditions, etc , were satisfiers and motivators.[27] However, Dayal and Saiyadain have found, through a research study, that motivation-hygiene theory is applicable in Indian context [28]

In another study, it was found that motivators contributed significantly more towards satisfaction than hygiene in public sector, whereas in the case of private sector, motivators contributed significantly more toward the feeling of dissatisfaction than hygiene Thus it partially supports the theory of motivation proposed by Herzberg [29]

Thus the review of researches based on Herzberg's model presents quite contrasting results—some supporting the theory fully, others supporting it partially, while many others contradicting it In fact in Indian situations, or for that matter even elsewhere also, it is always not possible to classify various job factors into motivators and hygienes as defined by Herzberg, rather, both these have to be seen in an integrated way and the situational variables play an important role

Various studies have been conducted to find out the relevance of Maslow's need hierarchy in Indian situations. Most studies fall in the category of identifying what factors are given higher priority by managers In a comprehensive study of 1213 managers from 47 public sector enterprises, Laxmi Narain has found that managers rank feeling of worthwhile accomplishment, recognition for good work done, decision-making authority, opportunity for personal growth and development, opportunity for promotion, prestige of organisation outside the company, pay, allowances and

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26 D K Lahiri, and S Srivastava, 'Determinants of Satisfaction in Middle Management', *Applied Psychology*, No 3, 1967

27 M P Sawlapurkar, *et al*, 'Job Motivations of Middle Managers, *Indian Journal of Applied Psychology*, Vol 5, 1968

28 Ishwar Dayal and Mirza S Saiyadain, 'Cross Cultural Validation of Motivation Hygiene Theory,' *Indian Journal of Industrial Relations*, October 1970

29 D M Pestonjee, and G Basu, 'Study of Job Motivation of Indian Executives,' *Indian Journal of Industrial Relations*, July 1972

other benefits, and job security in that order. Though there is variation in this ranking by top, middle, and lower level managers, this variation is not significant. A striking feature of this finding is that job security has been given lowest priority by all level managers This may be because of the fact that the need for job security is fulfilled for public sector managers.[30] Lahiri in his study finds that importance of job factors related to various needs as perceived by different levels of managers does not correspond to the need hierarchy suggested by Maslow. Autonomy, responsibility, promotion and growth opportunities are assigned higher priorities by Indian managers.[31] The study of comparative importance of money and status among middle level managers by Ganguli disclosed that status is more important than money for managers in organisational setting This is more so with younger managers who are professionally qualified.[32] Yet another study, high pay (money factor) was given high preference along with esteem, autonomy, and self-actualisation by all the three levels of managers. Security need was, however, given low preference by these managers.[33] Agarwal, Khandwala, and Naik have found that middle level managers' ranking of various needs is in the order of security, self-actualisation, self-esteem, physiological, and social.[34] In another study by Prasad and Gowda regarding what managers want from their jobs, it is disclosed that top level managers rank recognition for work, job contents, higher status and authority, good salary, informal relationship with higher-ups, and clearly defined responsibility in that order.[35] A very low correlation (0·027) between the ranking of expectations by top level and lower level managers suggests inconsistency in the need hierarchy Thus lower level managers attach more importance to good salary and higher status and authority which command low rank from top level. Singh has identified that managers rank various job factors in the order of scope for autonomy at work, scope to shoulder responsibility, scope for challenges and varieties at work, scope for career advancement, self-actualisation, interpersonal relations, appreciation and recognition of work, chance to get prestige in the organisation, consistent and sound company policy, salary and perquisites, good leadership by superiors, good physical working conditions, stability and security of job. Further, there is no significant difference in motivation profile of public and private sector managers.[36]

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30 Laxmi Narain, 'Managerial Motivation in Public Enterprises', *Lok Udyog*, December, 1971

31 D K. Lahiri, 'Motivation of Managers What Indian Managers Want from Their Job,' *ASCI Journal of Management*, September, 1973

32 H C Ganguli, 'Role of Status and Money as Motivation Among Middle Management Personnel,' *Indian Journal of Industrial Relations*, October, 1974

33 P. Shah, 'Need Importance and Need Fulfilment in Managerial Levels', *Indian Management*, May, 1976

34 M C Aggarwal, S Khandwala, and N Naik, 'What Middle-level Managers Look for in Their Jobs', *ISTED Review*, May-June, 1976

35 L M Prasad and G R Gowda, 'Integrating Organisational and Individual Goals', *Indian Management*, Dec 1977.

36 P Singh, *Occupational Value and Style of Indian Manager*, New Delhi Wiley Eastern Limited, 1979

Institute of Management look forward for their employment, only two organisations are of Indian origin operating in private sector and the remaining are multinationals None of the public sector organisations figured in that list This survey further reveals that the incidence of MBAs leaving after the first one or two years in public sector is high; after gaining some experience in public sector, they often tend to join private sector Not only that as many as 25 per cent of the IIMs graduates leave their jobs in India and settle down abroad.[43] An analysis of what these organisations offer to management graduates will clarify the motivational patterns of would - be managers. They offer good salary, challenging work, ladder of promotion, freedom of operations within defined area, and opportunity for initiative As such, these factors are motivators for management graduates

Motivation of Workers

Various research studies have been conducted to analyse the pattern of workers' motivation. Such studies have been concerned with the understanding of *(i)* the characteristics of satisfied and dissatisfied workers; *(ii)* the relative importance of job factors, and *(iii)* the influence of supervisory style on the workers' motivation. However, here only the relative importance of job factors relating to workers is analysed which is directly related with the purpose

A review of various research studies on how workers rank the various job factors in order of importance by Dixit disclosed that workers ranked various job factors as : adequate salary, job security, adequate personal benefits, opportunity for advancement, suitable work, good supervision, opportunity for training and learning, and comfortable working conditions in the order of importance Only in one study, salary was ranked next to job security.[44]

Ganguli conducted a study in an Indian railway workshop and found that the three most highly ranked motivational factors are adequate salary, job security, and opportunity for promotion The exact nature of work done, the magnitude of responsibility assigned to workers, and appreciation of work done by others were found to be items of relatively low importance The nature of supervision was ranked fifth whereas the incentive value of medical and health insurance, housing, subsidised canteen and other fringe benefit was difficult to evaluate[45] Sinha found that interesting work, social status and loss were crucial factors contributing to workers' satisfaction whereas inadequate salary and lack of security were regarded as important factors causing dissatisfaction[46]

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43 Business India Survey, 'The Indian Institutes of Management', *Business India*, July 5-18, 1982

44 L M Dixit, 'Employee Motivation and Behaviour A Review , *Indian Journal of Social Work*, April 1971

45 H C Ganguli, 'An Enquiry into Incentive of Workers in One Engineering Factor *Indian Journal of Social Work*, Vol 15, 1954

46 D Sinha, 'Job Satisfaction in Office and [illegible] Workers *Indian Journal of Social Work*, Vol 19 [illegible]

Bhatt conducted three case studies and found that choice of work, advancement, co-workers, and wages ranked in the order of importance; benefits and conditions of work, and supervision were given fifth rank, and security, hours of work, and holidays were given least importance[47] Lahiri found in his research study of government and non-government clerical employees that salary and security were ranked important along with personal growth. Human relations and supervision were considered less important.[48] Singh and A. Baumgartell's study of mechanics concluded that security in the job and interpersonal relationships were important[49] Ganguli in his study found pay and allowances as the most important factor causing satisfaction or dissatisfaction to workers[50]

A study of motivational pattern of highly skilled and skilled workers on the pattern of Herzberg's model by Rao and Ganpati found that motivation and hygiene factors contributed to the satisfaction and dissatisfaction of either of the occupational group[51] Kulkarni compared relative importance of ten job factors for white collar employees and found intrinsic job factors more important as compared to extrinsic ones[52] Rao and Rao found that both motivation and hygiene factors are important in motivating workers[53] In a study by Prasad it was found that workers ranked good wages, job security, promotion and growth, appreciation of work and working conditions, interesting work, management loyalty to workers, sympathetic understanding to personal problems, feeling – on the things, and tactful discipline in that order. Skilled and semi-skilled and unskilled workers moved very closely in their ranking. In this study, it was found that workers showed certain specific characteristics of some job factors on the job Their preference was that there should be at least minimum bonus and wages based on individual efficiency but with provision of wages adequate for maintenance, hard but interesting work, adequate pleasant working conditions, promotion on merit, appreciation of work in the form of prestige and recognition as well as in the form of monetary benefits, non-interference of management in family and personal problems of workers and disciplinary action after proper investigation and consultation

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47 L.J Bhatt, 'Incentive and Working Class', *Psychological Studies,* Vol 7, No 2, 1962

48 D.K. Lahiri, 'Perceived Importance of Job Factors by Government and Non-Government Employees', *Indian Journal of Psychology,* 40(1) 1965

49 T.N Singh and H Baumgartell, 'Background Factors in Airlines Mechanics Work Motivation A Research Note', *Journal of Applied Psychology,* Vol 50, No 5, 1966

50 O.N Ganguli, *A Study of Attitude and Impact on Personnel Relations and Recruitment in an Engineering Industry,* Bombay Central Labour Institute, 1967

51 S.S Rao, G.V Rao and T Ganpati, 'A Study of Factors Contributing to Satisfaction and Importance of Industrial Personnel', *Indian Journal of Industrial Relations,* October, 1973

52 A.V. Kulkarni, 'Motivational Factors Among Middle Class Employees', *Indian Journal of Applied Psychology,* Vol 10, 1973

53 Rao, *et al Op cit*

Conclusion

The results of the various studies on the motivational pattern of managers and workers are quite different and even contrasting This situation may be because of the differences in *(i)* research design used for the studies ; *(ii)* organisational characteristics from where the samples have been drawn : and *(iii)* perhaps the timing of various studies. Therefore, definite conclusions cannot be drawn regarding the adoption of motivational strategy based on the results of these studies Notwithstanding, some broad conclusions may emerge and trends can be located in regard to relative importance of various job factors. These can be summarised as follows :

1. Financial benefits, job security, and promotion are not motivating factors for management groups whereas these can be motivators for the workers

2. Recognition of work emerges as one of the most important factors for motivating people—both managers and workers. This fact, however, must be seen in the context of the first conclusion, that is, what is the outcome of the recognition of good work.

3. Factors contributing to dissatisfaction are the lack of explicit company policy and administration lack, of technically competent and sympathetic supervision and lack of opportunity for growth.

4. Top level managers value achievement and self-actualisation while middle level managers value advancement, type of work and feeling of worthwhile accomplishment These factors are, however, not so important for workers.

Now the question is : Will it be possible to design a motivation policy for an organisation based on the results of these studies ? The answer may be in affirmative but certain precautions have to be kept in mind, such as the organisational correlates—nature, size, age and location; and groups of people involved — top management, middle management, lower management, and workers. Thus if two groups of variables—organisational and individual—can be combined properly, a suitable motivation policy may emerge. When both these are combined and motivational pattern is analysed, the results may be more significant and applicable in a particular situation. Naturally homogeneity in motivation pattern cannot be expected for all the people and for all the organisations. Various conclusions emerging from the results of the different studies may be only guiding factors. Three points should, however, be given adequate consideration while designing motivational policy based on these results :

1. The human motivation is not inherent or stable rather it is flexible and may be changed or modified by situational variables

2. The amount of an incentive that is offered to an individual for satisfying his motives should be adequate This is important because sometimes the presence of motivating factor fails to produce any effective result, particularly when its amount is too small.

3 Since human beings differ in their ability and approach they cannot be motivated to an equal extent. Some people, if motivated beyond certain extent, may feel frustration and the outcome may be negative

DISCUSSION QUESTIONS

1 What is the concept of motivation ? How does it affect behaviour ? What does happen when a person is not able to satisfy his needs ?

2 Various theories of motivation approach the problems of motivation from different perspectives, but they all emphasise similar set of relationships Explain this statement bringing out the relationships

3 Explain what is meant by hierarchical nature of needs Is this hierarchy rigid ?

4 Critically examine Herzberg's two-factor theory Make a comparison between theories of Herzberg and Maslow Which of these theories do you prefer in Indian context ? Give reasons

5 Explain McClelland's theory of motivation Can achievement motives be developed ?

6 'Theory X and Theory Y are concerned with the nature of people How does the job situation affect the application of this theory ? What are its implications ?

7 Explain the main features of Theory Z as given by Ouchi What are its implications for managers ?

8 Explain the main features of immaturity-maturity theory What changes do take place when a person moves from immaturity to maturity ? How can manager motivate a mature person ?

9 Indicate how management can successfully motivate people taking clue from Vroom's valence-expectancy model How does this theory differ from Porter and Lawler's model ?

10 'Non-financial incentives are as strong motivators as financial ones' Critically examine this statement in the light of Maslow's need hierarchy and Herzberg's two-factor theories

11 Discuss the relative importance of financial and non-financial incentives in motivation

12 What is job design ? What are the various approaches of job design ? Discuss the impact of job design on quality of work life

13 Analyse the significance of job satisfaction, status pay, and authority pay as motivational factors

14 Compare job enrichment, job enlargement, and job rotation as motivational strategies

15 Discuss the statements (i) There is no universally consistent motivational device applicable to everyone (ii) What motivates people is situational

16 Discuss the motivational profile of Indian managers and workers

Socio-cultural Factors and Behaviour

Theme

To understand how socio-cultural factors affect behaviour,

To identify various cultural factors which affect human behaviour,

To identify various social factors which affect human behaviour,

To identify various socio-cultural factors in India relevant for organisational behaviour

Organisations exist within society and their members are drawn from the society As such, it is natural that individuals will bring out their social characteristics at the workplace also. Thus, social factors, in general, affect the functioning of organisations by affecting the behaviour of their members. In fact, social influences become operative with the first cooing and smiling of a newly born baby These influences continue throughout the life-time and affect human behaviour Each society has its social set and cultural value, which have bearing on the organisations and their members Their importance can become obvious by this quotation on technical change. 'Rapid changes in the industrial or social structure in any country are apt to lead to unforeseen disturbances even when such changes are initiated or supervised by nationals of that country. When men and women with technical skills set out to help in shaping new developments in a country or a culture other than their own, there are clearly many more possibilities of producing unfortunate consequences Sometimes great harm can be done to the people of that country, specially through the creation of social psychological stresses and the disorganisation of family and community life.[1] Thus for understanding and influencing human behaviour fully, social and cultural factors must also be taken into account. This chapter analyses social and cultural factors as relevant to the study of organisational behaviour, first by presenting the conceptual framework in respect of these and then by presenting the major characteristics of Indian socio-cultural factors Sometimes cultural factors are also included within social factors because a culture does not exist without a society. The total process of human social organisation involves many cultural ideas as well as social interaction and ordering. Cultural values and norms are integral part of all social organisations. However, for the purpose of analysis, both have been treated separately

SOCIAL FACTORS

Society, in general, affects the behaviour of its members and organisations functioning within it Society is the most inclusive, complex and dominant type of social organisation Most other organisations exist within the

1 UNESCO Cultural Patterns and Technical Change, Edited by Margaret Mead, 1953, Quoted in Kamla Chowdhry and Sudhir Kakar, *Understanding Organisational Behaviour*, New Delhi Tata McGraw-Hill, 1971, p 520

confines of the society, all aspects of human social life are encompassed by a society, and to a large extent, the way in which a society functions will influence all the patterns of social order and subcultures that comprise it. 'A society is a broadly inclusive social organisation that possesses both functional and cultural autonomy and that dominates all other types of organisations.'[2]

Creation of the society is initiated through social interaction Actors for such interaction may be individuals or the organisations These social actors perform certain actions When the actions of one actor in some way affect another actor, social interaction takes place. Thus, social interaction occurs whenever one social actor affects the thoughts or actions of another social actor in some manner Since most interactions involve the transmission of the ideas, some sociologists use the terms interaction and communication synonymously To distinguish between interactions that involve communication and those that do not involve communication, sociologists speak of the former as symbolic interactions and the latter as behavioural inteactions. In behavioural interaction, the actor relates only to the overt behaviour of other participant's while in symbolic interaction, the participants try to take account of each others meanings as well as acts Most social interaction combines these two types in various degrees.

Whenever individuals interact with others through time, they become participants in that social organisation They may either create new relationships or join previously existing patterns of social order. In both cases, they begin to change at least some of their actions from those of a relatively independent social element to those of a relatively involved social part. In this process the society prescribes a way in which individual participants contribute to or influence the social organisations to which they belong. This gives the idea of a role prescribed for each individual. Each role has a certain prestige attached with it known as status Thus, understanding of role and status is quite important in understanding the behaviour of individuals in the society and organisation.

ROLE

Within an organisation, or for that matter in any human collectivity, a variety of functions must be performed. These functions are divided into jobs which consist of duties, obligations, and formal expectations of the behaviours of the job holders A function encourages the development of specific behaviours (activities) that are directly associated with achieving a specific objective. Such behaviours recur or are consistently performed over time in the pursuit of formal objectives. The set of these behaviours, associated with a particular function, is known as role Sarbin defines role in terms of 'the actions performed by the person to indicate the occupancy of the position[3] This definition emphasises on the activity of an individual as his role. However, all activities of a person do not come within the purview of a role. Newcomb states that 'roles are ways of behaving toward others, which are

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2 Ronald Freedman, *et al*, *Principles of Sociology*, New York · Holt, 1956, p 78

3 Theodore R Sarbin, 'Role Theory' in Gardner Lindzey (ed), *Handbook of Social Psychology*, Cambridge Addison Wesley, 1954, pp 223-258

defined for different positions. A role is dynamic; it refers to the behaviour of the occupants of a position—not all their behaviour, as persons, but to what they do as occupants of the position[4] Since a person may hold different positions simultaneously in the society, he may perform a variety of roles.

Establishing Role Behaviour

The process by which role behaviours are established is quite a complex process As discussed above, the role expectations of a role incumbent are determined by the expected behaviour on a job as perceived by both the role incumbent as well as by the persons who come into contact with him However, this process includes one additional variable, the environment. Katz and Kahn have, therefore, mentioned three variables in role establishment : organisational, personality, and interpersonal.[5]

The first variable in the role prescription is the organisation itself, tha is, the context within which the roles are prescribed. The technology of the organisation, the structure and its subsystems, formal policies, rewards and penalties determine to a large extent the contents of a particular position. The arrow between organisational factors asserts a causal relationship between certain organisational variables and the role expectations held about and sent to particular position. The organisational variables work as mediating factor in determining the role Katz and Kahn observe that '. ..role expectations and the processes of role sending do not arise as spontaneous and idiosyncratic expressions on the part of role senders nor as simple responses to some previous behaviour of the focal person to whom the expectations were sent Such factors serve only to mediate the major determinants of role sending, which are to be found in the systematic properties of the organisation as a whole, the subsystem in which the role senders are located, and the particular position occupied by each[6]

Another set of variables in role determination is the persons concerned, both the focal person and other persons—role senders. they are called role senders because they send their expectations, evaluations, and influence attempts to the focal person, to reinforce or modify his behaviours Each person performs a variety of roles depending upon the specific circumstances. Each role has an associated set of behaviours The focal person usually knows the general outline of the types of behaviour he should perform in his role. At the same time, other persons also expect a particular behaviour from the focal person in a particular position Thus role prescriptions are derived from two sources : the duties and obligations of the particular position and past experience in dealing that role Every function has certain objectives which can be fulfilled only if the function is performed in certain ways Thus the type of behaviour is prescribed the moment a particular function is assigned to a person. The duties and obligations of a position, coupled with experiences with role incumbents, generate expectations of particular behaviours Thus, role behaviours are not determined solely by the role incumbent, but also the

4 Theodore M Newcomb, *Social Psychology,* New York Dryden Press, 1950

5 Daniel Katz and Robert L Kahn, *The Social Psychology of Organisations,* New Delhi Wiley Eastern

6 Katz and Kahn, *Op cit*, p 191

people with whom he comes into contact have their own conceptions of appropriate behaviours as he should enact them. When a person's behaviour is observed and evaluated as not being right, there is an attempt to communicate the disparity in hopes that a behaviour change will occur—which is in line with the communicator's idea of appropriate behaviour.

Thus the expectation of role behaviour is determined by the functions assigned and the type of behaviour required as perceived by the role incumbent and the expectations of behaviour as perceived by other people. Davis observes that the existence of role expectations means that a manager (or other person) interacting with someone else needs to perceive at least three role values. First, there is the manager's role as required by the function being performed. Then there is the role of the person being contacted. Finally, there is the manager's role as seen by the other person. Obviously one cannot meet the needs of others unless one can perceive what they expect.[7]

The attributes of both the focal person and the role senders as well as their interpersonal relationship affect the role prescription. Attributes of a person refer to all those variables which describe the propensity of an individual to behave in certain ways. Such attributes tend to evoke or facilitate certain evaluations and behaviours from his role senders. The same role sent can be experienced differently by different people, that is, their personality factors act as conditioning variables in the relationship between the role as sent and the role as received and responded to. In a similar way, interpersonal relationship performs the same function as the attributes of persons do. The expectation held for and sent to a focal person depends to some degree on the quality of interpersonal relations between him and the members of his role set. He will also interpret differently the role-sendings he receives, depending on his interpersonal relations with the senders. During this process, the personality as well as the inter-personal relations are also affected by the role prescription.

There is one basic problem involved in role analysis, that is, the role conflict. This aspect will be taken for detailed study in the chapter relating to conflict.

STATUS SYSTEM

A phenomenon closely linked to the concept of role is that of status. Status is the relative ranking that a person holds in a group, organisation, or society. The positions people occupy in society or in other human groupings are established with reference to the needs of the society or the groups. A status is a position that has been determined as being important in the relationships of the group. In the society, a person may have more than one status. This is so because a person may have to perform a variety of roles, and there is a possibility that different roles may attract different status. The status can be determined in the context of ranking and comparison. Therefore two or more persons are required to make status relationship. Individuals are bound together in status systems which define their rank relative to others in the system.

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7 Keith Davis, *Human Behaviour at Work*, New Delhi: Tata McGraw-Hill, 1977, p. 29

A distinction can be made between social status and organisational status, though the two interact. Social status refers to ranking in a society and an individual's relative position is often based on a number of factors. Organisational status may also rely on the composite of several characteristics but is usually more narrowly defined than social status It typically refers to a specific hierarchical position within a particular organisation. In this context, Barnard defines status of an individual in an organisation as 'that condition of the individual that is defined by a statement of his rights, privileges, immunities, duties, and obligations in the organisation and, obversely, by a statement of restrictions, limitations, and prohibitions governing his behaviour, both determining the expectations of others in reference thereto [8]

Status Determinants

Status is a result of prestige or value attached to the holder of a position Society places different importance to the positions, based on certain criteria However, when the criteria are changed, the relative ranking may also change. Moreover, a particular position may be ranked either within its related functions or outside these For example, the position of the chief justice may be evaluated within the judiciary system or outside it in comparison to all social positions Since there are various determinants of status in the society, different scales have been developed to measure status There are four scales by which one can describe various types of status These are ascribed-achieved, functional scalar, positional-personal. and active-latent [9]

1. *Ascribed-Achieved* The ascribed-achieved dimension of status measures the extent to which prestige or value is earned or is a matter of birth-right. In the society, a certain amount of prestige is derived merely from being born into a prominent family. On the other hand, a person may earn it through his own work and admiration of others The status in the society may be achieved through the acquisition of special skills, education, and other qualities by virtue of which a person is given higher status

2 *Functional-scalar.* Functional-scalar dimension is related with the vertical and horizontal positions. In an organisation, the position of a person may be evaluated on the basis of its rank in the hierarchy However, at the same time, this position may be compared with other positions in the different functional areas. From this point of view, positions in certain functional areas may be more prestigious, or they may enjoy more authority Sometimes this may become a sufficient ground for organisational conflicts, particularly between line and staff personnel

3 *Personal-Positional* Personal-positional scale relates status to the extent to which prestige or value is based on characteristics of the individual himself or based on the position he holds without regard to the person who occupies it. The individual characteristics of the individual occupying a position may enhance or reduce the prestige of a position Or the individual

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8 Chester I Barnard, 'The Functions of Status Systems,' in Robert K. Merton *et al* (eds) *Reader in Bureaucracy,* New York Free Press, 1952, p 242

9. Fremont E Kast and James E Rosenzweig, *Organisation and Management A Systems Approach,* New York McGraw-Hill 1974, p 277

may gain prestige because of his characteristics, such as, sociability, conr tions, attractiveness, etc., without formally occupying a position.

4. *Active-Latent.* Active-latent dimension arises because a person] forming various roles may have different status with each role. Apparei the status attached to a particular role has nothing to do with other role, in actual practice, such a status may affect his functioning in other roles i For example, a person may be lowly placed in an organisation, conseque: his status is very low in the organisation. But if he is holding a high offic civic affairs, this status may affect his working in the organisation.

Functions of Status System

Status system of different kinds and of various degrees of elaborater and complexity are found in most of formal organisations. The establish of a nucleus of such a system is one of the very first steps in creating organisation Thus, status system is fundamentally determined by necessities associated with the needs and interests of individuals as biolog and social units, and upon the requirements arising from the physical . social limitations inherent in systems of co-operation From this point of vi Barnard has identified three functions of status system in an organisatic (*i*) a function of the system of organisation communication ; the fundame process in co-operation ; (*ii*) as an important part of the system of incenti and (*iii*) as an essential means of inculcating and developing a sense responsibility and imposing and fixing responsibility.

1 *Communication* Status is the primary means by which communication system in an organisation is established. A communicat system to be effective must be designed in such a way that communicati are authentic, authoritative and intelligible. The authenticity of comm cation is facilitated by status system to a very great extent Witnessed wri communication or letterheads indicating the name, position, and title of communicator and the personal introduction by mutually known tl parties are among the means used to make communication authentic. In case of communication to be authoritative, status system plays a m significant role Whether a communication reflects the facts and needs of situation depends upon whether the communicator has the general qualif tions for understanding what he communicates about and whether he is a position to have the essential concrete knowledge. Authoritativenes: communication is of two kinds Functional authoritativeness and sc authoritativeness Both functional and scalar systems of status are essen to establishing, in a practicable degree, the authoritativeness of communi tions Intelligibility of communication also depends upon status of b originator and receiver of communications because these will decide languages of communication which is a significant factor in communicat intelligibility

2 *Incentives* Status system functions as an important part of the syst of incentives It is important because maintenance and improvement of sta are among the essential incentives to co-operation. Status as an incentive two aspects. The first is that of prestige for its own sake as a reinforcemen the ego, as security for the integrity of the person. Since this is an import

need of individuals, they are motivated to work hard to attain it. The second aspect of prestige is that it is a valuable or indispensable means to other ends Thus, besides material and other forms of incentives, status system provides high motivation for the individuals in the organisation

3. *Responsibility.* The status system is a strong developer of the sense of responsibility and, therefore, of stability and reliability. While people strive hard to achieve status, they struggle harder to keep from losing it It is difficult to accept or to be accepted in a reduced status The desire for improvement of status and specially the desire to protect status appears to be the basis of sense of general responsibility. Responsibility is established and enforced by specific penalties for specific failures and by limitation of status or by loss of a particular status for failure Out of these two, the second approach, that is the loss of status is more effective in creating and maintaining dependable behaviour Consequently people striving for status needs are driven to discharge their tasks with somewhat greater responsibility

Status Symbols

In general, symbols are the features for identifying anything Status symbols are the various indicators on the basis of which a person of higher status is distinguished from a lower status person. Thus, status symbols are a set of externally visible markings that systematically rank individuals and groups in relation to each other.

There can be several types of status symbols ·

1. *Insignia.* Places or people having different status can be distinguished on the basis of insignia, marks of identification differentiating things or people of different status, for example, various hotels are classified on the basis of stars ; sport tournament on the basis of grades and so on In the similar way, people in the various places are identified on the basis of such things, for example, a minister's car bearing a flag.

2 *Titles and Designations.* People are also differentiated on the basis of various titles or designations they carry with them. For example, professor, reader, or lecturer designate various status symbols. Since people are motivated by status symbols, various organisations assign very impressive-looking titles to their people For example, personnel manager to be designated as personnel director.

3. *Pay and Perquisites* Though pay and perquisites are given in accordance with contributions of individuals, it may not happen so always Every organisation designs some salary structure and people are placed in various grades Naturally a person placed in higher grade has higher status Sometimes special perquisites are given to maintain high status, for example personal allowances

4 *Physical Facilities* Status of people can be distinguished on the basis of various facilities provided to them at work place It is quite common to provide rooms of different sizes, tables of different sizes, furniture of different types, or even name plates of different sizes and designs, exclusive parking places to distinguish among different status

Problems of Status System

The basic purpose of granting status symbols is to maintain coordination, communication, and motivation. So long as these functions are performed by the status system, it is quite desirable. However, over a period of time, the status system creates many problems and becomes dysfunctional. The major problems are in the following areas :

1. *Status as an End* The primary effect of status is to establish two kinds of relationships . *(i)* one of equals, and *(ii)* one of superior-subordinates. Generally the entire pattern of status and its symbols is designed to signal the precise nature of the superior-subordinate relationships to all members. This becomes pathological in the organisation when it is regarded as an end in itself Because of these status differentials, the gulf between superiors and subordinates becomes so wide as to preclude any kind of joint action or real agreement in goals

2 *Emphasis on Position* Another problem that status creates in the organisation is placing emphasis on the position, rather than the man and his acts The status system requires the maintenance of perquisites, compensation, and other symbols of office for the position holder, irrespective of his ability and working. It frequently occurs that status, System is not in accordance with a general perception of the way in which rewards and perquisites within the organisation should be fairly distributed This creates serious problems of morale and motivation

3 *Problems of Equity* If the status is overemphasised in the organisation, it may create problems for those who have it and to those also who do not have it The status-holder may be preoccupied too much in taking care for the maintenance of his status and its symbols Thus, he may not contribute meaningfully for the achievement of organisational objectives. those who do not have status may be dissatisfied and jealous of those who have. Thus there may be a feeling that those who have status, they have got too much in the organisation. Such a feeling creates tussle among persons to acquire more status

4 *Financial Burdens* Apart from the various socio-psychological problems, maintenance of status system is financially difficult and a burden on the part of the organisation Since a status holder is given certain physical facilities and these cannot be withdrawn, these involve heavy expenditure Often the contributions of position holders may not be according to the expenses involved on the maintenance of their status symbols.

CULTURAL FACTORS

Culture is the underlying determinant of human behaviour in the society. While psychology describes why human beings behave, anthropology and the Study of culture explains how they behave The significance of culture in determining human behaviour is described by Cuzzort, a noted sociologist, in this way · The profundity of the concept (culture) comes from the extent to which it can be applied to innumerable realms of human conduct To the extent we can do this, we are able to ascertain that man is not ruled so much by biological or physiological demands as he is by different ways of perceiving the world, these modes of viewing the world are shaped by his cultural

background In the world, a comprehension of the nature of culture extends our understanding of the degree to which man is more than chemistry or physiology or a set of biological drives or animal instincts.[10] The study of culture is important in the sense that culture off-the-job affects on the job performance Therefore, the understanding of the culture in which people live provides better alternatives for managing them in the organisation.

Concept of Culture

Culture is a term used in many varied ways Two anthropologists once studied 164 definitions of culture and wrote a book about the varying definitions They concluded that it is not possible to find a completely satisfactory definition that applies to all usages[11] However, a working definition of culture, as followed in this text, may be as such. Culture is the complex of values, ideas, attitudes, and other meaningful symbols to shape human behaviour in the society Thus, culture does not include behaviour caused by instinctive factors It is important that the concept of culture refers specifically to man and does not concern animals or other aspects of the natural environment Further, it does not refer to the inventing innovations occurring within an individuals life-time that take place as one-time solutions to unique problems, rather it should be passed from generation to generation The focus on culture, then, is an attempt to determine what the essential human induced elements are that pattern life in a given society. Following are the basic characteristics of the culture ·

1 *Culture as Learned Responses* Human behaviour represents learned phenomenon Unlike other animal, human beings have to learn almost everything about how to be human from experience. This is because human beings live in a society having certain cultural characteristics which prescribe to behave in a particular way Cultural field represents a set of stimuli to an individual and also a set of responses appropriate to those stimuli The individual either is directly rewarded for adopting those responses (alternatively punished for not adopting) or indirectly associated them with other stimulus situations that are rewarding Through this process, the individuals are encultured or socialised, that is, the responses of a set of culture become his own set of response tendencies Cultural items learned early in the life tend to resist change more strongly than those learned late in life This fact is very important from organisational behaviour point of view.

2 *Culture as Inculcatea Values* Culture is inculcated and is passed through generation to generation by specific groups and institutions Such transmission starts from the family from where the socialisation process starts. Apart from family, educational, religious, and ethnic institutions also transmit cultural values from one generation to another.

3. *Culture as a Social Phenomenon* Culture is a social phenomenon, that is, cultural habits are shared by aggregates of people living in organised

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10 R P Cuzzort, *Humanity and Modern Sociological Thought*, New York Holt 1969, p 256

11 Alfred L, Kroeber and Clyde Kluckhohn, Culture A Critical Review of Concepts and Definitions, *Papers of the Peabody Museum*, Vol 27, 1952 Quoted in James F. Engel, *Consumer Behaviour*, New York Holt, 1973, p 72

society An individual's way of thinking and behaving is not culture, rather group behaviour constitutes culture. Group is developed and reinforced through social pressure upon those who are interacting with one another.

4. *Culture as Gratifying Responses* Culture exists to meet the biological and other needs of the individuals in the society Thus any elements in the culture become extinguished when they no longer are gratifying to members of the society The society rewards behaviours which are gratifying for its members Giving importance and recognition to persons who are contributing for the welfare of the society does come by Culture itself

5 *Culture as an Adaptive Process* culture is adaptive, either through a dialectical process or evolutionary process Dialectical or sharply discontinuous change occurs when the value system of a culture becomes associated with the gratification of only one group or class in the environment In such a case, other classes of the society reject the logic of the value system and replace it with a new value system, such as through revolution or other methods In the evolutionary process, the change occurs slowly as a gradual process, but not through revolution.

Subcultures

Culture is universal in man's experience but each local manifestation of it is unique Within the larger society, a considerable variation in behaviour patterns and belief actually exists There are four categories of behaviour within a social system These are . *(i)* the universals, to which there is universal conformity , *(ii)* the specialities, which permit commitments to the values of subsystems that are not incompatible with those of the whole, *(iii)* the alternatives, which provide flexibility in behaviour, and *(iv)* the individual peculiarities, which involve experimental behaviour and represent the source of innovation in the culture.

The existence of specialities, or subsystems of values, within the total culture has special significance to the organisation. Though every organisation, being a part of the society, is itself a microcosmic culture within the larger setting, it is possible to view the existence of specialities in the organisation as a separate subculture This can be viewed along two different planes One is vertical and internal, concerning the single organisation from top to bottom, the second is horizontal and external, cutting across many organisations Both of these can be labelled as separate cultures The vertical type can be described as the institutional subculture and the horizontal type as the professional culture

Institutional Subculture

Every organisation, being a social entity, develops within it a cultural system with some unique modes of behaviour. How unique these mode of behaviour and beliefs are will vary a great deal according to the total internal environment of the organisation Internal environment is a set of attributes specific to a particular organisation that may be induced from the way the organisation deals with its members and its external environment. Many factors constitute such an environment, ecological factors and the nature of work being the most important as they determine the character and commitment by individual participants. Ecological factors and the nature of work

specify the traits in a particular institutional subculture Since the behavioural pattern of every institutional subculture is different, it requires a separate organisation and management pattern

Professional Subculture

There is a system of beliefs which forms around professional and vocational identifications. Those who are engaged in vocations which require special training and knowledge tend to be members of professional subcultures The development of professional culture has important implication for organisation as there is often a conflict between the institutional subculture with one set of values and professional subculture with another People belonging to a particular profession may owe loyalty or allegiance to the profession and enforce demands on the organisation by invoking sanctions from the profession. They often place the values of the professional subculture above the institutional subculture. That is why professionals tend to stay in an organisation for a shorter time as compared to people having strong belief in institutional subculture who tend to stay in an organisation for longer time.

Thus cultural conflict is almost inevitable in an organisation because of the existence of various subcultures in it. Two types of subcultures – one built on loyalty and belief in the institution and the other on a commitment to one's profession – often produce such conflict. However, it may be emphasised that these configurations of culture occur at no particular organisation axis Rather, they arise as people feel the necessity to identify with a particular social system

Impact of Culture on Organisations

The understanding of culture provides better alternatives for decision-making by the managers. However, it puts restrictions on the alternatives to the managers, that is, the managers should conform to requirements of cultural patterns of people in the organisation This is so because of two reasons: First, no organisation can be isolated from its cultural environment, that is, organisation as a social unit must operate within the framework of the larger cultural system. As such, a congruency has to be maintained with the values of total culture. Second, organisation may be considered as a subculture within the framework of total broader culture. No doubt, every organisation develops its own norms and cultural pattern of behaviour, these elements are developed within the context of the larger cultural pattern. No part of the system should go against it if both have to succeed From this point of view, the culture affects the functioning of an organisation.

Culture places imperative demands on organisations. Culture includes both abstract and material elements. Abstract elements include values, attitudes, ideas, personality types, and summary constructs such as religion, etc Material elements include all the physical and observable things that man has created and which in turn have an effect on pattern of life and behaviour. These elements may be such diverse items as products, buildings, machinery, etc. Though there may be relationship between abstract and material cultures, both affecting each other, it is much more difficult to change attitudes and value systems than to institute technological innovations. The discrepancy between

material inventions and the beliefs and patterning of human behaviour resulting from the inventions is known as the cultural lag An organisation which permits the lag to become too large may very well jeopardise its own interest While the impact of material culture has already been discussed (Chapter 6), the effect of abstract culture is presented here The abstract culture affects the organisational functioning in many ways

1. *Objective Setting* Culture moulds people and people are the basic building blocks of an organisation. The goals of an organisation must reflect, at least in part, the goals of its members, particularly of those who are the key decision-makers Generally, the goals of the organisation and the values of the decision-makers are merged. Landes observes that goals that are the personal goals of the men who control the organisation are also goals that are accepted and understood in the society in which they live.[12] Thus for many persons, the objective of a business organisation may be maximisation of profit but the same objective may be unworthy, mean, and petty for other individuals depending upon cultural differences.

2 *Motivational Pattern* Culture interacts to develop in each person certain motivational patterns. Culture determines the way individuals approach their jobs and even life in general Generally, motivational pattern develops from a person's family and educational background and national culture. This shows differences in motivational patterns within the culture and between the cultures McClelland points out the impact of culture on motivational patterns of people He has identified three basic motives among people : needs for power, affiliation, and achievement. Through his research which covered a number of countries, he has pointed out that generally the countries where achievement predominates are those that have made the most socio-economic progress. Achievement motivation leads to higher levels of aspiration, so the people work harder and make more progress [13] Thus, the knowledge of cultural pattern and its motivational impact leads a manager to adopt his motivational strategy appropriately.

3 *Work Ethic.* Ethic relates to conformity to principles of human conduct According to common usage, moral, good, right, honest are more or less used as synonymous to ethical act. Work ethic has its origin in both religious and secular values The religious view of work-ethic holds that work is a moral good in itself Individuals become better persons by the act of working and they also help build a better society. Religion affects attitudes towards work because people of different religious backgrounds do tend to vary in their work orientations The secular origins of the work ethic are thought in terms of necessities of life and the work required to fulfil them. Since people work hard for the maintenance of their life, they attach meaning and importance to the work.

4. *Control* Controlling is a dynamic process involving action which is either restraining, stimulating or adaptive. In control, some form of measurement is essential part of the process. However, the very idea of evaluation

12 David Landes, 'Business and Businessman', Quoted in Joseph A. Litterer, *The Analysis of Organisations*, New York John Wiley, 1973, pp 262-263

13 David C. McClelland, *The Achieving Society*, Princeton . Van Nostrand, 1961

and measurement has an emotional meaning to human beings because it implies restraint. Culture conditions the way people respond to various restraints If such restraints do not conform to the characteristics of broader cultural pattern, perhaps the reactions may be dysfunctional. This is so because human beings cannot change their cultural values simply by joining an organisation. Such a change is slow and gradual Thus, unless people are changed to adopt a particular restraint, it is unlikely that it becomes an effective tool of control.

CHARACTERISTICS OF SOCIO-CULTURAL FACTORS IN INDIA

It is quite apt to say that India is developing into a modern society but with many traditional characteristics some of which are backward In order to understand the basis of leadership and of interpersonal relationships, it is useful to understand the basic characteristics of Indian society. While analysing the characteristics of Indian society, however, it should be borne in mind that Indian society is essentially heterogeneous. Therefore, any generalisation has its distinct limitation Following are some of the major characteristics of Indian society relevant to managerial application.

Joint Family

Family is the basic unit of society The majority of social scientists who have studied the Indian family as the smallest and most viable unit of the larger society, are of the opinion that it is one of the earliest institutions of human society. The most common form of family system in India is the joint family Joint family consists of a set of men, related as fathers and sons or brothers, together with their wives and children. It is generally a unit of production and consumption : the property is held in common under the trusteeship of the eldest male member. Usually all the members of the joint family are fed from a single kitchen and have a single purse. The family is essentially patriarchal, that is, authority is exercised by the father or some male member The head of the family is responsible for and has authority over its members. The children are taught obedience to their elders. Female members are subjected to rigorous discipline. Though the sons are important, it is the eldest son who enjoys a special position in the family. Thus, discrimination is made between male and female members.

Referring to the influence of the joint family system on the outlook of managerial personnel, P.L. Tandon observes that 'I find from my personal experience that the traditions of the joint family system permeate into our working institutions and quite often the reactions of people, even managers, to situations of a certain kind are influenced by the norms of the joint family system.[14] The characteristics of joint family give the impression that authority is centralised in the hands of the head of the family, and authoritarian culture in India is responsible for lack of delegation of authority and for the serious delays, inefficiencies, and low morale in industry.

However, the actual functioning of authority system in joint family is somewhat different from the observations held above P.L Tandon further

14 P.L Tandon, quoted in Chowdhary and Kakar, *Op cit* p 523

observes that 'contrary to the popular belief, a joint family is not built around a central authority. Like any cognate organisation, a joint family has an authority which directs its affairs but there are two peculiar features First, the authority is diffused and, second, there is a good deal of consultativeness built in it.[15] Thus, the major decisions are taken through consultation In the organisational situation, a superior, though has authority, is expected to consult more frequently and informally. To quote Tandon again, 'Indian managers like to be kept in touch and consulted more than their Western counterparts. I think this arises from the diffused authority in the joint family, where young adults are consulted even though they have no powers and most of the decisions are taken by the seniors. Similarly, the younger Indian managers feel that they ought to be in on things and not kept out, whereas their Western counterpart will say that this has nothing to do with me and they have the right to decide because they have the authority. In the Western industrial culture delegation works better than it does in India because authority and responsibility are more clearly defined and not bedevilled by constant consultation merely to keep people happy.'[16] But there is another implication of this characteristic, that is, a patrimonial approach is applied in superior-subordinate relationship. This implies that superiors may think themselves as the protectors of the subordinates and the latter cannot decide anything on their own.

Joint family system has another feature. Since the children are brought up in large joint family and since there are other children in the family, they acquire considerable familiarity, practice, and skills in dealing with peer relationships. There is much criticism of each other at the peer level, but also there is high degree of tolerance which the experience and circumstance have taught. This aspect is very important in choosing a managerial style in the organisation. Chowdhary opines that the lack of competitiveness on the one hand and the strength of peer relationships on the other are distinctive factors in the Indian social systems as compared with Western culture, and have great relevance to the style of leadership and of management practice in Indian business and industry'.[17] Rangaswamy and Helmick, in a study of leadership behaviour, has found that Indian managers are more employee-oriented as compared to their counterparts in U.S.A. They explain that this is due to Indian cultural and religious pattern which influences towards helpfulness and peaceful co-operation.[18] A.D. Moddie observes that 'as a creature of the family, the Indian manager would seem to be the creature of a traditional authoritarian method, lacking strong individuality, and needing the supportive strength of the group, upon which he is more dependent than upon himself alone. He is accustomed to a consultative rather than an individualistic process of decision-making.[19]

15 *Ibid*, p 523

16 *Ibid*, p 524

17 Kamla Chowdhary, 'Social and Cultural Factors in Management Development,' in Chowdhary and Kakar, *Op cit* p 524

18 G Rangaswamy and D Helmick, 'A Comparative Study of Indian and American Executives' Leadership Styles,' *Indian Administrative and Management Review*, July-Sept, 1976

19 A.D. Moddie, 'The Indian Manager in his Environment,' in s. Neelamegham (ed) *Management Development*, Delhi. Kalyani, 1973, p 90

Caste System

Caste is a fundamental institution of Indian society. It is also a unique institution of India Though the system found in some other countries have a resemblance of the caste system, they do not in any way completely resemble caste. Therefore, it would not be wrong to say that caste is a unique institution in India. In fact the relation between caste and Indian society has been so long and so intimate that many have viewed caste and Indian society as coeval

Caste is a hereditary group, that is, ideally speaking, one is born in a caste and not converted into a caste. Caste system partially decides the relative status of persons in the society. According to mythology, the origin of the caste system is explained thus : Brahma, the lord of creation, created human beings from different limbs : the Brahmins from his mouth, and thus the Brahmins, who were to be the intellectuals, were assigned the highest position in the society and their occupation was priesthood The Kshatriyas sprang from the arm of Brahma, and were given the second position in the society, that of warriors signified by the use of arms. The Vaishyas, created from the thigh of Brahma were given third position and became traders by occupation. Shudras were sprung from Brahma's feet and occupied the fourth position with their lot being that of manual workers. Though some changes have come in this pattern of thinking, it is still widely held by the people, particularly in rural India. Since caste decides the status relationships in the society, people become quite conscious to protect and develop their status based on this pattern. Barnard states that 'the desire for the improvement of the status and specially the desire to protect status appears to be the basis of a sense of general responsibility.[20] Thus to protect the status, people will work hard. In an organisation, many persons may be interested in the status though without additional tangible benefits.

The caste system affects interpersonal relationships, both superior-subordinate and peer relations Though joint family system teaches to be patient and tolerant, the caste system implies that it will modify such interpersonal relationships. Generally, high-status persons have more power and influence than those with low status. They also receive more privileges from their group as a result of their status. Status system as affected by the caste system is likely to work at workplace too. Thus, hypothetically, a person of lower caste as superior is unlikely to manage the affairs of persons of higher caste as subordinate. This factor, however, may be modified by other qualities of the person working as superior. Another implication of the caste system, quite related to the above, is that persons have favourable opinions about other persons of the same caste or community, but hostile attitudes about the persons of other castes. This is likely to affect the total organisational processes, particularly the informal processes.

Ritualism

Another aspect to social and cultural life which has significant role is ritualism The term ritualism has traditionally been associated with religious

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20 Chester I Barnard, 'Functions and Pathology of Status Systems in formal Orgsanisations', in William F White (ed) *Industry and Society,* New York McGraw-Hill, 1946, p 69

ceremony and tribal observances requiring a number of persons to act in unison according to a prescribed formula The purpose of the rituals is to express and enforce group solidarity. At the societal level, we have many rituals, right from the birth to death. Large number of even educated people believe that if they follow rituals prescribed in their religion, they would be favoured by their God Many Hindus would even believe this would make them happy in next birth. By and large, there is fear of God People devote considerable time to various rituals like reading scriptures, attending to religious discourses, visiting religious places, etc.

Ritualism has implications affecting ability to live under strain and stress, and to take decisions in conditions of uncertainty Kamla Chowdhary observes that 'there are two important implications of ritual. First, it reduces anxiety, like other given ways of doing things provided by tradition and society. The term precedent used in the governmental or commercial bureaucracy serves the same purpose. Rituals and precedents help in the smooth functioning of a system or an organisation, and reduce anxiety and tension relating to new situations. Secondly, ritual prevents the development of the exercise of discretion and the power of decision-making in situations of uncertainty.[21]

The industrialisation in a developing country brings many changes. It brings rapid technological change and therefore managers have to live in an environment full of change and uncertainty which often leads to anxiety, stress, and strain, as well as the problem of identity. Different rituals help in reducing such stress and strain. At the organisational levels, there are many rituals. Kamla Chowdhary even feels that 'the increase in the number of management consultants, management development programmes and conferences shows that attempts are being made to find some institutionalised and ritualised methods of dealing with new knowledge and new stresses '[22]

Social Class

Social classes may be identified as relatively permanent and homogeneous groups of people in the society. Every society has some classes based on certain identifying characteristics and the frame of reference. In recent years, some sociologists have questioned the validity of social classes. They maintain that the life styles of middle class persons have become increasingly representative of the vast majority of the society. This is referred to as 'embourgoisement' of society or 'massification' theory. The class classification in any country has been right from the old traditional society. However, this class consciousness has emerged in different ways in the contemporary society. Industrialisation has produced a marked concentration of power which has created an elite class An elite class is a social upper class which owns a disproportionate amount of country's yearly income, and contributes a disproportionate number of its members to the controlling institutions and key decision-making groups of the country.

In a study by Subramaniam of 817 managers from 24 large-sized

21 Kamla Chowdhary, *Op cit* p 525.

22 Ibid, P. 526

organisations operating in India, it was found that a large majority of managers come from families having such elite professions as civil services (both higher and lower, more from former), business executives, landlords, lawyers, and business owners.[23] This is so because groups have distinct advantages in regard to academic achievement. Further, the managerial class believes that education at public schools affects the success in managerial role significantly. This class distinction creates class consciousness at workplace A.D. Moddie observes that 'the Indian manager gives the impression of being an isolate in the society around him. His style is western, bureaucratic, affluent, and aloof He is a plutocrat in a poor country, a high class man in a class-conscious society seeking to be egalitarian.[24] He further observes that 'the Indian manager seems to suffer from the social isolation of a higher class and a different culture, he is not too involved in the social responsibilities of a citizen , and he takes the political environment for granted. This isolation is perhaps his biggest weakness, and may well reduce rather than enhance his future influence in a society where he is an island of the haves in an ocean of have-nots'.[25]

Attitudes towards Wealth

The social attitude towards wealth plays an important role in determining whether within a given culture, wealth will be actively sought and used to satisfy human wants. In some societies the personal acquisition of wealth has been looked upon as evil, or as being beneath the dignity of man. Attitude to wealth is crucial in poor society, driven and dedicated to economic development Apart from the nebulousness around the area of legitimacy in public conduct, there is a similar nebulousness around concepts of wealth too. The value of 'mukti', which may be defined as human liberation or freedom is no longer relevant in its traditional form in the contemporary society. Two distinct trends appear on this issue within the philosophical community : *(i)* the complete rejection of mukti ideal particularly due to its spiritual and religious grounding, and *(ii)* the attempts to redefine mukti ideal to include a number of social elements and thus to make it more relevant in contemporary setting. The mukti does not involve renunciation of the world but it is something that contributes to mental health.

Nagaraj Rao held that 'the Hindu outlook did not stand for an acquisitive society nor for an affluent society without any State control It stood for a Dharmik society. It allowed men to get as much wealth as possible without contravening the principles of dharma and dharma involved obligation to pious causes, brahmins, parents, and family members : the social obligation then.'[26] The contemporary Indian society is in milieu, where concepts of wealth are confused between Gandhian austerity and socialistic pattern of Indian society. As a consequence, it is not sure whether it is ethically right or wrong to

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23 V. Subramaniam, *The Managerial Class of India*, New Delhi All India Management Association, 1971

24 Moddie *Op cit*, p 99

25 *Ibid* p 100

26 Nagaraj Rao, 'The Indian Concept of Artha', *The Aryan Path*, 1968

pursue artha At a seminar, a leading economist said that 'money mindedness' was legitimate if you are poor, but not if you are well-to-do. But the question is at what level people should cease to be money-minded. In such circumstance, profits are confused with profiteering. The urge for business control becomes strong

These values of the Indian society hold largely true today also However, change is the law of nature and over the passage of time there is a change in socio-cultural values, with traditional values yielding place to appropriate values conforming to the requirement of contemporary society, though such a change is slow and gradual. It follows that the process of industrialisation generates a clash between the old institutional order and the demands of industrialisation. To the extent that people retain their allegiance to the traditional structure and values, they fail to commit themselves to the emergent society and growth is stunned. For example, joint family system is disappearing to some extent because of situational requirement. Kapadia makes an interesting observation in this context. He feels that the general sentiments and attitudes of Indians are in favour of joint family system , as elementary or nuclear families are established only under dire conditions, out of compulsion rather than by free choice.[27] This is more true particularly in urban society. Similarly ideological gap between the younger generation and the older one is increasing menacingly reflecting many new westernised cultures. The role of women is increasing in a different way, from subordinate positions and household activities to equal positions and outdoor activities. Such changes have their own implications for managerial behaviour in the organisations.

VALUE SYSTEMS OF INDIAN MANAGERS

The Indian manager has now been recognised as an important institution influencing the socio-economic progress and welfare of the country. It is rather surprising that in spite of recognising this role of Indian manager, only a limited attempt has been made to study his personal value systems which have a profound bearing on his interaction with people and other constituents comprising his work environment. The study of managerial value systems is important for several reasons Value systems influence : *(i) a manager's perception of situations and problems he faces ;* *(ii)* a manager's decisions and solutions to the problems , *(iii)* the way in which a manager looks at other individuals and groups of individuals, that is, interpersonal relations ; *(iv)* the perception of individual and organisational success as well as their achievement; *(v)* set the limits for the determination of what is ethical or unethical behaviour of a manager ; and *(vi)* the extent to which a manager accepts or resists organisational pressures and goals. Thus, different people placed in similar situation react in different styles. This difference may be because of a variety of reasons but personal value systems play a very significant role in shaping human behaviour.

Concept of Value System

Value system is a framework of personal philosophy which governs and

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27 K.M Kapadia, *Marriage and Family in India,* Calcutta Oxford University Press, 1959, pp 216-217

influences the individual reactions and responses to any situation. Personal value system is viewed as a relatively permanent perceptual framework which shapes influences, the general nature of an individual's behaviour. Values are similar to attributes, but are more ingrained, permanent and stable in nature; they are also more general and less tied to any specific reference than is the case with many attributes. Values can be differentiated from attitudes in that the latter represent predispositions to respond. While usually there will be a close correspondence between attitudes and values that makes them difficult to distinguish, the judgements of what ought to be can represent the specific manifestation of a determining tendency below the surface of the behaviour.

Measurement of Managerial Values

Some research studies are available showing the managerial value systems in Indian context. Such studies, however, have used different yardsticks for measuring the values. England has studied the managerial values in terms of pragmatists and moralists [28] Pragmatists are people who take a pragmatic view of a situation which is not stereotyped ; they opt for concepts and actions which to them appear important and successful irrespective of good or bad The moralists, on the other hand, are guided by the ethical considerations of right or wrong, just or unjust, honest or dishonest England has made a comparative study of managerial values of five countries : U.S.A., Japan, Korea, Australia, and India. His findings suggest that 34 per cent Indian managers are pragmatists and 44 per cent are moralists, while the rest 22 per cent have mixed values The ratio of pragmatists and moralists is 57 and 30 for U.S.A., 67 and 10 for Japan, 53 and 9 for Korea, and 40 and 40 for Australia. The study further suggests that the Indian managers, who were also highly moralists, valued stable organisations with minimal or steady change, and personalistic goals and status orientation They valued a blend of organisational compliance, and organisational competence had little regard for most employee groups besides being dissatisfied with the idea that profits should be the only guideline in the managerial decision-making process. The pragmists are likely to be motivated by external rewards and control than the moralists who are expected to respond more to internal rewards and controls Ganguli observes that pragmatists are apt to be influenced more by training, persuasion, and action-oriented leadership approaches The moralists would be guided more by positions, humanistic-orientation, and styles utilising philosophical and moral justifications Engineering, a behavioural change, would be more difficult in the case of moralists than of pragmatists because the moral-ethical norms generally take a much deeper root in a person.[29]

In another study of managerial value systems, Prasad and Singh used Allport-Vernon-Lindzey model which describes value system in six types :

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28 George England, 'Managers and Their Value Systems', *Economic Impact*, No 27, 1979, pp 23-27

29 Siddharth Ganguli, 'Managerial Implications of Personal Value Systems' in *Management Accountant*, August 1980, pp 337-339

theoretic, economic, aesthetic, social, political, and religious.[30] The theoretic person involves himself in the use of rational, critical, and empirical processes He strives to discover truth The economic man values everything he used and is more concerned with the practical affairs of the work The aesthetic man values artistic and aesthetic aspects of life The person himself may or may not be creative but his interest is towards artistic aspects of life The social man places great emphasis on love and affection He cares for others' interests and desires and is sympathetic to them. Political person places great values on power. The highest value of an ideal religious man is unity Using these concepts, the authors found, on the basis of data collected from 65 managers, that predominant managerial values were in the following order . economic, theoretic, political, social, aesthetic and religious[31] There was almost no difference in managerial values across the organisational functions, except that managers in production department had value in order of economic, political, theoretic, social, aesthetic, and religious Age-wise, there was significant difference in managerial values, and managers in younger group, particularly in 25-30 year age group, had more political values as compared to any other group, while managers in other age groups conformed to the total in the sample.

Many researchers have used work-value concepts in studying managerial values. Ganesh and Malhotra have studied managerial values using Grave's model who has described value in terms of level, such level has eight types of values and in the ascending order, they are · reactive, tribalistic, egocentric, conformistic, manipulative, sociocentric, existential, and experimentalistic[32] Reactive value system represents the absence of pain or tension is good and its presence is bad In tribalistic value, safety is sought through tradition and tact submission to an authority figure Egocentric value is exploitative that seeks survival and gives rise to the power ethic of 'might is right' A conformistic man seeks some tensionless state like 'nirvan' through self-denial, piety, modesty. In manipulative value, attempts are made to achieve material beliefs through control over physical universe In sociocentric value, getting along with others is valued more than getting ahead The existential man believes that the right way to behave is the way that is congruent with existing reality Experimentalistic leads an individual to wonder, awe, humility, simplicity, the poetic expression *versus* the active controlling perception. For studying value system based on these concepts, the researchers collected information from 219 managers belonging to three categories of organisations . government departments, public sector organisations, and private sector organisations They found managerial values in the following order: existential, conformistic, manipulative, sociocentric, tribalistic, and egocentric[33] It may be mentioned that the researchers did not

30 G Allport, P Vernon, and G Lindzey, *A Study of Values,* Boston Houghton-Miffin, 1960

31 L M Prasad and M Singh, *Value System of Managers,* Ludhiana Punjab Agricultural University, 1980

32 C W Graves, 'Levels of Existence An Open System Theory of Values', *Journal of Humanistic Psychology,* No 2, 1970, pp 131-155

33 S K Ganesh and A.K Malhotra, 'Work Values of Indian Managers', *ASCI Journal of Mana...* March 1975 ... 117 16?

find the first and last category of Grave's values, that is, reactive and experimentalistic, as descriptive of managerial values. As such, they studied only six values. Organisation-wise, very little difference was found. For example, managers from government departments were tribalistic as compared to managers from either public sector or private sector. Similarly, managers in private sector are more manipulative and sociocentric. Age-wise, conformistic values tended to increase with age and manipulative values decreased with age In a similar way, social values increase with age and existential values decrease, however, no linear, trend was noticeable

Thiagarajan has studied the various aspects of managerial work values taking a sample of 109 managers from five organisations in two cities of Tamilnadu The study found that managers believed more in performance-based leadership as compared to charismatic one, more futuristic as compared to past, gave more importance to change, work culture, achievement, competition, and religion [34]

Rai *et al* tried to investigate the value systems of Indian managers, particularly in the context of work situations For this purpose, they divided values as *(i)* work values representing recognition, status, job satisfaction, career prospects, security, money, and power, and *(ii)* inherent values representing obedience, loyalty, compassion, conformity, and ambition. They conclude that *(i)* during younger days, the orientation is towards money, later it shifts to matters like job satisfaction and finally at the end of the career to intangible value like status ; *(ii)* high significance is attached to values like loyalty and obedience which is in contrast to the relatively detached attitudes towards these values by managers in most other countries , and *(iii)* the Indian managers are ambitious, though not overwhelmingly so They believe to a large extent in fate without allowing this belief to directly interfere in doing day-to-day working.[35] Similarly, in a cross value analysis of managerial success and managerial values, England and Lee have found that for Indian managers, some key words are · high production, profit maximisation, customer service and satisfaction, subordinates, labour unions, ability, aggressiveness, prejudice, achievement, autonomy, individuality, power, creativity, success, change, competition, conflict, and property.[36]

In a more recent study on occupational goal values, P. Singh studied 280 managers from two public and two private sector organisations. He has identified that managers give importance to various elements of occupational values in the order of · *(i)* to be free from supervision and subordination, *(ii)* adventurous experiences/challenges, *(iii)* to use special ability and talents, *(iv)* to be creative and original, *(v)* social status and prestige, *(vi)* opportunities to work with people ; *(vii)* to exercise lordship/exercise control over others, *(viii)*

34 K.M Thiagarajan, 'Mutual Perception of Manager's and Worker's Values—A Cross Cultural Study', *Indian Management*, December 1974, pp 21-30

35 C M. Rai, S Badrinathan, and C V Jogarao, 'Value System of Indian Managers', *Indian Management*, February 1977, pp 29-36

36 G England and W Lee, 'Relationship Between Managerial Values and Managerial Success in U S , Japan, India, Australia', *Journal of Applied Psychology*, Vol 59, 1979 pp 411-417

chance to earn a good deal of money, and *(ix)* stable and secure future.[37] There is very little difference in occupational values so far as public and private sector managers are concerned (the rank order correlation coefficient is 0.92). Age-wise, there is a significant difference in goal values, with autonomy being first rank in all categories of age-group but fourth in high and low age groups; in lower age-groups, the demand for economic gains and preference for security and stable future is, however, more pronounced than in other groups. Level-wise, there is not much variation between top and middle management levels but lower level differs from the rest.

A significant finding of the study is that there is no difference in goal values of those who are formally exposed to some management education programmes and those who are not exposed to such programmes. The author observes that '. socio-psychological factors such as one's parental background, the contents of one's experience determined by age and nature of group role (decision-making of their respective departments), seem to go with occupational goal values. Contrary to this, purely structured features of one's surroundings such as corporate ownership climate and functional roles do not have a relationship with occupational values.[38] 'This finding may have two types of implications. *First*, the quality and content of our management education system have to be looked upon from this point of view. At present, it seems that they offer more in terms of techniques rather than the transmission of values. Perhaps, a new look may be required to approach this problem because the education of a country emphasises the inculcation of certain value systems. *Second*, the organisational climate does not have impact on the values of managers. If it is true and is not affected by the size of the sample, managers have to take a different view about the type of organisational climate and the type of behaviour. This is more significant in the case of public sector *versus* private sector organisations where organisational climate is different. It is believed that managerial culture in public sector is required to be different than private sector.[39]

An interesting study of ethical attitudes by Monappa disclosed that 47 per cent managers (N = 115) believe that there are generally some acceptable unethical practices in business. Such practices are in terms of nepotism, bribes, gifts, and personal favours, unfair competitive practices, dishonesty in customer relations, and personal benefits. The reasons for unethical practices are multidimensional : political, economic, administrative, and institutional.[40]

The characteristics of values and other socio-cultural factors show a great amount of diversity but certain striking similarities are also there. Such characteristics suggest the adoption of managerial practices suitable to

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37 P. Singh, *Occupational Values and Styles of Indian Managers*, New Delhi : Wiley Eastern, 1979.

38 P. Singh, *Op. cit.* p. 27.

39 R.K. Nigam, 'Managerial Culture for Public Sector Project' *Lok Udyog*, February 1975. L.M. Prasad, 'What Marks Public Sector Apart from Private Sector', *Industrial Times*, May 10, 1976, pp. 25-27.

40 Arun Monappa, *Ethical Attitudes of Indian Managers*, New Delhi : AIMA, 1977.

these so that people's characteristics may be used suitably. This is important because people have a tendency to work better if organisational requirements are in correspondence with their characteristics The later chapters will point out what should be the appropriate practices in respect of various managerial actions considering these characteristics

DISCUSSION QUESTIONS

1 What is the concept of role in organisation ? How is role determined in organisational setting ?

2 What is the concept of status ? What are the various factors which determine the status ?

3 What are the functions of status system in formal organisation ? Explain with particular reference to organisational communication and incentives

4 'Status system provides important incentives in organisations, but if overstressed a gulf may be created between the various levels so as to foreclose effective communication and prosecution of organisation goals ' Explain this statement

5 What do you mean by status system and status symbols ? Discuss the basic functions and problems of the status system in an organisation

6 Define culture and discuss its significance to organisation

7 How do cultural insights help us in undertaking the behaviour of people in organisations ? Discuss in the context of both the 'larger culture' as well as 'sub-culture' of the organisations

8 Identify the major characteristics of socio-cultural factors in India How do these characteristics affect the behaviour of human beings in an organisation ?

9 What is meant by value system ? Identify some of the important value systems of Indian managers and their implications for organisational behaviour

3. It is not necessary that stress is always dysfunctional On the contrary, there may be some stresses, called eustress, like stress for creative work, entrepreneurial activities, keen competition, etc, which stimulate better productivity. It is only the dysfunctional stress, called d stress, which is bad and must be overcome

4 Stress can be either temporary or long term, mild or severe depending mostly on how long its causes continue, how powerful they are and how strong the individual's powers are If stress is temporary and mild, most people can handle it or at least recover from its effects rather quickly Similarly, persons who have strong power for tolerating stress can cope with stress more quickly

CAUSES OF STRESS

There may be numerous conditions in which people may feel stress Conditions that tend to cause stress are called stressors Although even a single stressor may cause major stress, like death of near one, usually stressors combine to press an individual in a variety of ways until stress develops The various stressors can be grouped into four categories individual, group, organisational, and extra organisational. Within each category, there may be several stressors Though, stressors have classified into these categories, all eventually get down to the individual level and put stress on individuals

Individual Stressors

There are many stressors at the level of individual which may be generated in the context of organisational life or his personal life There are several such events which may work as stressors These are life and career changes, personality type, and role characteristics

1 *Life and Career Changes.* Stress is produced by several changes in life and career Research studies show that in general, every transition or change produces stress. People in newer places experience such state of transition of stress Young adults between 20 and 30 years of age have been found to report twice as many stressful events, compared to older people Stress has been found more amongst urban population than rural, and greater in higher educational categories Any change in life of an individual puts him in disequilibrium state of affairs and he is required to bring a new equilibrium In this process, he experiences stress Depending upon the change and new equilibrium required as a consequence, the impact of stress would be Life's changes may be slow and gradual (getting older) or sudden (death of spouse) In both these cases intensity of stress would be different Like life changes, there may be changes in career, in the form of promotion, demotion, transfer, separation. With each change, some kind of stress is experienced

2 *Personality Type* Personality characteristics also become source of stress As discussed in Personality chapter, type A people and people with extremely high work ethic almost burn themselves out Personality A type people are always in hurry and show behaviour of always moving, walking rapidly, eating rapidly, talking rapidly, doing two or more things at a time, constantly feeling pressure of time, measuring success in terms of quantity, more aggressive and competitive, and feeling boredom during leisure period These people experience more stress

3 *Role Characteristics* There may be role stress either because of role conflict or role ambiguity. Role conflict arises because of incompatibility of two or more roles When people become members of several systems like family, club, voluntary organisation, work organisation, etc., they are expected to fulfil certain obligations to each system and to fit into defined places in that system In many situations, the various roles may have conflicting demands and people experience stress as they are not able to fulfil the conflicting role requirements In organisational context, role conflict arises because of incompatibility between job tasks, resources, rules and policies, and other people. Another source of role stress is the role ambiguity in which people are not clear about the actual expectations from a role. This may be because of inadequate knowledge or information to do a job.

Group Stressors

Group interaction affects human behaviour. Therefore, there may be some factors in group processes which act as stressors. Following are the major group stressors

1 *Lack of Group Cohesiveness.* Group cohesiveness is important for the satisfaction of individuals in group interaction. When they are denied the opportunity for this cohesiveness, it becomes very stressing for them as they get negative reaction from group members.

2 *Lack of Social Support* When individuals get social support from members of the group, they are able to satisfy their social needs and they are better off. When this social support does not come, it becomes stressing for them.

3 *Conflict.* Any conflict arising out of group interaction may become stressing for the individuals, be it interpersonal conflict among the group members or intergroup conflict

Organisational Stressors

An organisation is composed of individuals and groups and, therefore, individual and group stressors may also exist in organisational context. However, there are macro level dimensions of organisational functioning which may work as stressors. The major organisational stressors are as follows

1 *Organisational Policies* Organisational policies provide guidelines for action Unfavourable and ambiguous policies may affect the functioning of the individuals adversely and they may experience stress Thus, unfair and arbitrary performance evaluation, unrealistic job description, frequent reallocation of activities, rotating work shifts, ambiguous procedures, inflexible rules, inequality of incentives, etc., work as stressors.

2 *Organisation Structure* Organisation structure provides formal relationships among individuals in an organisation Any defect in organisation structure like lack of opportunity of participation in decision-making, lack of opportunity for advancement, high degree of specialisation, excessive interdependence of various departments, line and staff conflict, etc., works as stressors as relationships among individuals and groups do not work effectively

3 *Organisational Processes* Organisational processes also affect individual behaviour at work Faulty organisational processes like poor communication, poor and inadequate feedback of work performance, ambiguous and conflicting roles unfair control systems. inadequate information flow cause stress for people in the organisation

4 *Physical Conditions.* Organisational physical conditions affect work performance. Thus, poor physical conditions like crowding and lack of privacy, excessive noise, excessive heat or cold, pressure of toxic chemicals and radiation, air pollution, safety hazards, poor lighting,.etc , produce stress on people.

Extraorganisational Stressors

Since an organisation interacts continuously with its environment, events happening outside the organisation also work as stressors Thus, social and technical changes, economic and financial conditions, social class conflicts, community conditions, etc , work as stressors

EFFECTS OF STRESS

Generally, stress is considered to be negative, thereby meaning that it has negative consequences However, not all stresses can be put in the negative category In fact, low level stress contributes positively to the work performance. Mild stress such as working under new supervisor, transfer from one place to another may result in an increased search for information in the job This may lead employees to new and better ways of doing their jobs In certain jobs such as sales or creativity (newspaper journalism, radio/television announcement where time pressure is significant), a mild level of stress contributes positively to productivity. However, it is the dysfunctional aspect of stress which has received greater attention If the level of stress is high. performance drops off sharply Stress affects human beings physically, psychologically, and behaviourally, and they face problems on these three levels.

Physical Problems

Stress causes physical reactions, including autonomic, excitability of nerves, increased heart rate, and a decrease in body temperature A research finding suggests that high level stress is accompanied by high blood pressure and high level of cholesterol and can result in heart disease, ulcer, and arthritis There may even be link between stress and cancer [2] Such serious ailments, however, are not caused exclusively by stress alone, physical characteristics of the individuals have their own contributions These ailments have a drastic effect on the individuals, their families and organisations

Psychological Problems

High level of stress may be accompanied by psychological reactions such as anger, anxiety, depression, nervousness, irritability, tension, and boredom depending upon the nature of stress and the capacity of individuals to bear stress The effects of psychological reactions of individuals may be changes in mood and other emotional states, lowered self-esteem,

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2 Thomas G Cummings and Cary L Cooper, "A Cybernatic Framework for Studying Occupational Stress," *Human Relations* May 1979 pp 395-418

resentment of supervision, inability to concentrate and make decisions, and job dissatisfaction These affect productivity in the organisation adversely

Behavioural Problems

People show dysfunctional behaviour because of stress of high level Such behaviour may be in the form of alcoholism, drug addiction, increased smoking, sleeplessness, under/overeating, etc In extreme cases, when the individual is not able to bear stress, it may result into suicide At the workplace, people may show behaviour like tardiness, absenteeism, and turnover In all these cases, organisation is going to suffer

COPING STRATEGIES FOR STRESS

Any high level stress affects the individual directly and through him, his family and organisation Therefore, efforts should be made to overcome the negative consequences Such efforts can be made at two levels . individual level and organisational level.

Individual Coping Strategies

Stress may cause within organisational context and outside as discussed e ^ier. Therefore, coping strategies may be adopted by individuals without reference to the organisation Individual coping strategies tend to be more reactive in nature That is, they tend to be ways of coping with stress that has already occurred Some individual strategies, such as physical exercises, can be both reactive and proactive, but most are geared towards helping the person who is already suffering from stress Following are the major individual coping strategies

1 *Physical Exercise* Physical exercise is a good strategy to get body fit and to overcome stress Physical exercises of different types such as, walking, jogging, swimming, playing, etc., are good methods of overcoming stress The role of Yoga, a scientific technique of physical exercise to keep body fit and to overcome stress, has been recognised in most part of the world Physical exercise helps people to better cope with stress generally as a side effect, such as relaxation, enhanced self-esteem, and simply getting one's mind off work for a while

2 *Relaxation* Impact of stress can be overcome by relaxation The relaxation can be a simple one or some specific techniques of relaxation such as biofeedback and meditation In biofeedback, the individual learns the internal rhythms of a particular body process through electronics signals fed back that is wired to the body area (for example, skin, brain, or heart) From this feedback, the person can learn to control body process in question. Meditation involves quite concentrated inner thought in order to rest the body physically and emotionally Transcendental meditation is one of the more popular practices of meditation In this practice, the meditator tries to meditate for two periods of fifteen to twenty minutes a day, concentrating on the repetition of some *mantra* Any meditation essentially involves a relatively quiet environment, a comfortable position, a repetitive mental stimulus, and a passive attitude Meditation has been recognised as a powerful technique for reducing stress Whether a person takes easy one or specific relaxation technique, the intent is to eliminate the immediately stressful situation or manage a prolonged stressful situation more effectively

3 *Work-Home Transition* Work-home transition is also like a relaxation technique In this technique, a person may attend to less pressure inducing type or routine work during the last 30 to 60 minutes of work time For instance during the last hour of work, the person can review the day's activities list the priorities of the activities that need to be attended to the next day. Thus, he can finish his day's work and come back home in more relaxed manner

4 *Cognitive Therapy* Because of increasing stress, special cognitive therapy techniques have been developed by psychologists In these techniques, lectures and interactive discussion sessions are arranged to help participants (i) recognise events at work and what cognitions they elicit ; (ii) become aware of the effects of such cognitions on their physiological and emotional responses, (iii) systematically evaluate the objective consequences of events at work, and (iv) replace self-defeating cognitions that unnecessarily arouse strain

5. *Networking* Networking is the formation of close associations with trusted, empathetic coworkers and colleagues who are good listeners and confidence builders Such persons provide mental support to get the person through stressful situation

Organisational Coping Strategies

Organisational coping strategies are more of proactive nature, that is, they attempt at removing existing or potential stressors and prevent the onset of stress for individual jobholders As discussed earlier, there are many organisational stressors Therefore, the organisational coping strategies revolve round those factors which produce or help producing stresses Following are organisational coping techniques and efforts

1 *Supportive Organisational Climate* Many of the organisational stressors emerge because of faulty organisational processes and practices To a very great extent, these can be controlled by creating supportive organisational climate Supportive organisational climate, as discussed later, depends upon managerial leadership rather than the use of power and money to control organisational behaviour The focus is primarily on participation and involvement of employees in decision-making process Such a climate develops belongingness among people which helps them reduce their stress

2 *Job Enrichment* A major source of stress is the monotonous and disinteresting jobs being performed by employees in the organisation Through more rational designing of jobs, as discussed earlier, jobs can be enriched Improving content factors such as responsibility, recognition, opportunity for achievement and advancement or improving core job characteristics such as skill variety, task identity, task significance, autonomy, and feedback may lead to motivation, feeling sense of responsibility, and utilising maximum capability at the work Such a phenomenon helps in reducing stress

3 *Organisational Role Clarity* People experience stress when they are not clear about what they are expected to do in the organisation This may happen because either there is ambiguity in the role or there is role conflict Such a situation can be overcome by defining role more clearly. Role analysis

technique helps both managers and employees to analyse what the job entails and what the expectations are. Breaking down the job to its various components clarifies the role of the job incumbent for the entire system This helps to eliminate imposing unrealistic expectations on the individual Role ambiguity, role conflict, and role overload can be minimised, consequently leading to reduced stress

4. *Career Planning and Counseling* Career planning and counseling helps the employees to obtain professional advice regarding career paths that would help them to achieve personal goals It also makes them aware of what additional qualifications, training, and skills they should acquire for career advancement. A variety of career counseling programmes can be adopted · *(i)* devices designed to aid the individuals in self-assessment and increased self-understanding, *(ii)* devices designed to communicate opportunities available to individuals, *(iii)* career counselling through interviews by managers, counselling professionals, and personnel and educational specialists, *(iv)* workshops and educational activities designed to assist the individuals in goal setting and establishing action plan for change, *(v)* educational and experimental programmes to prepare individuals with skills and knowledge for new activities and new careers, *(vi)* programmes for enhancing the individuals' opportunities to make job and career changes Various career planning and counseling programmes for individuals go a long way in providing them satisfaction and reducing the stress

5. *Stress Control Workshops and Employee Assistance Programmes* The organisation can hold periodical workshops for control and reduction of stress Such workshops may help individuals to learn the dynamics of stress and methods of overcoming their ill effects Similarly, the organisation can make arrangement for assisting individuals in overcoming their personal and family problems This arrangement may include managing personal finance, dealing with family problems, dealing with health problems, and dealing with other kind of personal and family stresses

Both types of coping strategies for stress – individual and organisational – taken together not necessarily guarantee that individuals will not experience stress However, such strategies may help either in reducing the tendency of occurring stresses or if stresses have occurred, help in minimising their negative impact.

DISCUSSION QUESTIONS

1 How is the stress defined ? Is it always bad for the individuals ? Explain

2. "Job stress can have physiological, psychological, and behavioural effects " Explain Give the examples of such effects

3 'Coping strategies for stress can be adopted at individual level as well as at organisational level " Explain these strategies and evaluate their role for preventing and/or more effectively managing stress

Part III

Interactive Dimensions of Organisational Behaviour

11

Interpersonal Behaviour

Theme

To understand how individual affects, and is affected by, two-person interaction	To analyse two-person interaction with the help of Transactional Analysis

The basic psychological factors in individual behaviour, *viz*, perception, learning, personality, and motivation, affect individual behaviour. The behaviour can be studied further in terms of interpersonal, primarily in dyad or two-person relationships, or in terms of group having more than two persons In each such case, the individual's behaviour affects and is affected by the behaviour of others Such effect is reflected by change in perception, learning, personality, motivation as described earlier. This chapter takes the study of interpersonal behaviour while group behaviour will be discussed in the next chapter though, in many cases, the concept of interpersonal and group behaviour may over-lap. Interpersonal behaviour can be of two types . co-operative or conflicting

Interpersonal Co-operative Behaviour

When the interaction between two persons is mutually gratifying, it is co-operative behaviour. In this case, both persons are engaged in complementary transactions, as discussed later Out of this interaction, both persons get satisfied over the objectives of mutual interaction Conditions necessary for co-operative interpersonal behaviour are mutual trust and respect, concern for each other needs, and interaction with complementary ego states In organisational setting, such behaviours are functional and lead to the achievement of organisational objectives providing satisfaction to the individuals at the same time

Interpersonal Conflicting Behaviour

Out of interpersonal interaction, it is not necessary that only cooperative behaviour will result Because of several reasons like personality differences, different value systems, interest conflict, role ambiguity, etc , interpersonal conflict may arise in the organisation This type of behaviour may not be functional for the organisation Therefore, the managers should take effective steps to overcome such behaviours (details discussed in chapter Organisational Conflict)

To analyse and improve interpersonal behaviour, transactional analysis technique has been developed. Its detailed discussion is presented here.

TRANSACTIONAL ANALYSIS

People spend a large portion of their time in organisations interacting with others. They provide the connective tissues that help to hold together the subparts of the organisation. While there are exceptions, in general, these are pair relationships which the people conduct themselves, that is, they are two-person contacts. The dyadic relationship involves the social transactions between them and the transactional analysis is an attempt to understand and improve such transactions.

Transactional Analysis (TA) offers a model of personality and the dynamics of self and its relationship to others that makes possible a clear and meaningful discussion of behaviour. TA refers to a method of analysing and understanding interpersonal behaviour. When people interact, there is social transaction in which one person responds to another. The study of these transactions between people is called Transactional Analysis. TA was originally developed by Eric Berne for psychotherapy in 1950. He observed in his patients that often it was as if several different people were inside each person. He also observed that these various 'selves' transmitted with people in different ways. Later on, its application to ordinary interactions was popularised by Berne, Harris, and Jongeward. TA involves analysis of awareness, structural analysis (ego states), analysis of transactions, script analysis, and games analysis.

Levels of Self Awareness

The dyadic relationship can be thought of as composed of interself. Self is the core of personality pattern which provides interaction. Such a concept is cognitive: it describes the self in terms of image, both conscious and unconscious. A central construct in the interself is the image of relationships—those aspects of the codes and means of the interperson known and shared by its participants. Other portions of these codes are hidden to the members and yet may be known to others. Joseph Luft and Harrington Ingham have developed a diagram that gives to look at what one is conscious in one's social exchanges and what one is not. Their Johari window diagram (named by combining the first few letters of their names) looks like this.

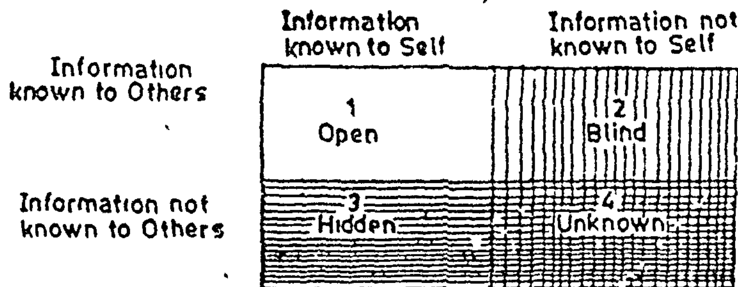


Fig 11.1 Johari window

Source: Joseph Luft, *Of Human Interaction*, New York: Mayfield Publishing, 1969.

This model is made up of four different quandrants that together represent total person in relation to others on the basis of awareness of behaviour, feeling, and motivation. Each quadrant is defined as follows.

1. *The Open Self.* The open quadrant refers to states about an individual such as behaviours, feelings, and motivations that he knows and is willing to share with others. Sometimes in a relationship the individual is straightforward, open, and sharing It is clear to both what he is doing, how he is feeling, and what his motivations are.

2. *The Blind Self* The blind quadrant refers to states about an individual known to others but not known to him. Other people know what is happening to him but he is not aware of it. Often such blind behaviour is copied by the individual from significant people unconsciously right since the childhood. Because such a behaviour is copied unconsciously, people may not be aware about it Jongeward and Seyer observe that 'subtle bars to our personal effectiveness are often our blind quadrant. We may speak in certain way – with a tone of voice, a look on our face, a gesture – that we are blind to, but other people are acutely aware of it. In fact, our manner can affect how they perceive us and, they believe they can interact with us '[1]

3. *The Hidden Self.* The hidden quadrant refers to states about the individual known to him but not known to others This is private and only the person concerned knows what is happening The hidden self is within the vision of the individual but he does not want to share with others. People learn to hide many feelings and ideas right from their childhood.

4. *The Unknown Self* The unknown quadrant refers to states that neither the individual nor other people know about him. The unknown self is mysterious Many times, motivations and feelings go very deep and no one, including the person concerned, knows about these People often experience these parts of life in dreams or in deep-rooted fears or compulsions. These acts, feelings, and motivations remain vague and unclear to people until they allow them to surface.

Change in Awareness

The awareness about self is not static, rather, it changes continuously As awareness changes, quadrant to which the psychological state is assigned also changes Jongeward identified eleven principles of such change.

1. A change in any one quadrant will affect all other quadrants.

2. It takes energy to hide, deny, or be blind to behaviour which is involved in interaction.

3 Threat tends to decrease awareness ; mutual trust tends to increase awareness

4 Forced awareness (exposure) is undesirable and usually ineffective

5 Interpersonal learning means a change has taken place so that quadrant 1 is larger, and one more of other quadrants has grown smaller.

6. Working with others is facilitated by a large enough area of free activity. It means more of the resources and skills of the persons involved can be applied to the task at hand.

7. The smaller the first quadrant, the poorer the communication.

8 There is universal curiosity about the unknown area, but this is held in check by custom, social training, and diverse fears.

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1 Dorothy Jongeward and Philip Seyer, *Choosing Success Transactional Analysis on the Job,* New York · John Wiley, 1978, p 5

9. Sensitivity means appreciating the covert aspects of behaviour, in quadrants 2, 3, and 4, and respecting the desire of others to keep them so.

10 Learning about group processes, as they are being experienced, helps to increase awareness (enlarging quadrant 1) for the group as a whole as well as for individual members

11. The value system of a group and its members may be observed in the way the group deals with unknowns in the life of the group itself.[2]

In addition to image, there is a structure associated with the interself This consists of those elements of each personality in the interperson which affect directly its processes of interaction. The interself of the organisational interperson, then, is derived from the fact that two selves, two personalities, come together in an instrumental relationship. In addition to its structural dimensions, a second aspect, as discussed earlier, is the image of the relationship in the minds of the participants This affects the type of interpersonal behaviour

EGO STATES

Another aspect of self is the ego states of persons, an important aspect of TA. People interact with each other in terms of three psychological positions, or behavioural patterns, known as ego states. Thus, ego states are a person's way of thinking, feeling, and behaving at any time. These ego states are parent, adult and child These have nothing to do with the chronological age of the persons, rather they are related with the behavioural aspects of age Thus, a person of any age may have these ego states in varying degrees A healthy person is able to move from one ego state to another. Further, these three ego states are not concepts like Freud's id, ego, and super ego They are based on real world behaviour

Parent Ego

The parent ego state incorporates the attitudes and behaviours of all emotionally significant people who serve as parent figure when an individual was a child. The value and behaviour of these people are recorded in the mind of the individual and these become the basic values of the personality. Characteristics of a person acting with the parent ego include being overprotective, distant, dogmatic, indispensable and upright. Physical and verbal clues that someone is acting with the parent ego include the wagging finger to show displeasure, reference to laws and rules, and reliance on ways that were successful in the past.

There can be two types of parent ego states . nurturing and critical Nurturing parent ego state reflects nurturing behaviour not only towards children but also to other people in interaction Similarly, critical parent ego state shows critical and evaluative behaviour in interaction with others Each individual has his unique parent ego state which is likely to be a mixture of helpfulness and hurtfulness Awareness of this ego gives more choice over what one does

Adult Ego

Adult ego state is based upon reasoning, seeking, and providing

2 Dorothy Jongeward, *Everybody Wins Transactional Analysis Applied to Organisations,*

information Person interacting with adult ego views people as equal, worthy, and responsible human beings It is based on rationality The adult is characterised by logical thinking and reasoning This ego state can be identified by verbal and physical signs which include thoughtful concentration and factual discussion The process of adult ego state formation goes through one's own experience, and continuously updating parental injuction by verifying. Though certain values which are formed in the childhood are rarely erased, an individual at the later stage of the life may block his child and parent ego states and use his adult ego only based on his experience. He updates the parent data to determine what is valid and what is not. Similarly, he also updates child data to determine which feelings should be expressed Thus he keeps and controls emotional expressions appropriately.

Child Ego

Characteristics of child ego include creativity. conformity, depression, anxiety, dependence, fear, and hate. Physical and verbal clues that person is acting in the child ego are silent compliance, attention seeking, temper tantrumps, giggling, and coyness The child ego is characterised by non-logical and immediate actions which result in immediate satisfaction. Child ego state reflects early childhood conditions and experiences perceived by individuals in their early years of life, that is, before the social birth of an individual, say, up to the age of five years. The child has no ability to move out to face life. He takes what comes in his way.

There are three parts of child ego : natural, adaptive, and rebellious The natural child is affectionate, impulsive, sensuous. and does what come naturally. However, he is also fearful, self-indulgent, self-centred, and aggressive and may emerge in many unpleasant roles The adaptive child is the trained one and he is likely to do what parents insist on, and sometimes learns to feel non-O.K. The adopted child when overtly inhibited, often becomes the troubled part of the personality. The rebellion child experiences anger, fear, and frustration.

Each person may respond to specific stimulus in quite distinct ways from each ego state. Sometimes these ego states harmonise, sometimes they are in conflict. Some people respond more with one ego state than with others

LIFE SCRIPT

When confronted with a situation, a person acts according to his script which is based on what he expects or how he views his life position. In a sense, man's behaviour becomes quasi-programmed by the script which emerges out of life experience. In everyday language, a script is the text of a play, motion picture, or radio programme In TA, a person's life is compared to a play and the script is the text of that play. A person's psychological script is a life plan, a drama which he writes and then feels compelled to live out. Thus every person has a life script. Script analysis is an examination of transactions and interactions to determine the nature of one's life script. Berne has contributed most to the understanding of life script. To him, script is a complete plan of living, offering both structures, structure of injunctions, prescriptions, and permissions and structure which makes one winner or loser

3 Eric Berne, *What Do You Say After You Say Hello ?* New York Bantam Books, 1973

in life.[3] A winner programming is more adaptive because the person exercises more autonomy as he has more permissions. On the other hand, a loser has strong injunctions and inner demon. No matter how well he lays his demon comes at the critical moment and upsets all. According to Jongeward, life script resembles the script of drama–characters, dialogues, actions, and scenes, themes and plays, culminating towards a climax and ends in final curtain. She also uses the concept of a person's two stages for action–the public stage and the private stage.[4] McClelland provides a scientific study of life script of people who has studied the relationship between stories heard and read by children and their motives in living. His researches have shown that achievers' scripts are based on the success stories while the scripts of power-oriented persons are based on stories of risk.[5] A person, when confronted with a situation, acts according to his script which is based on what he expects or how he views his life position. In a sense, man's behaviour becomes quasi-programmed by the script which emerges out of his life experience. This life position of persons affects his interaction with others. From this point of view, the analysis of life positions is an important aspect of TA.

LIFE POSITIONS

The individual's behaviour towards others is largely based on specific assumptions that are made early in life. Very early in the childhood, a person develops from experience a dominant philosophy such philosophy is tied into their identity, sense of worth, and perceptions of other people. This tends to remain with the person for life time unless major experiences occur to change it. Such positions are called life positions or psychological positions, and fall into four categories as shown in Fig. 11.2.

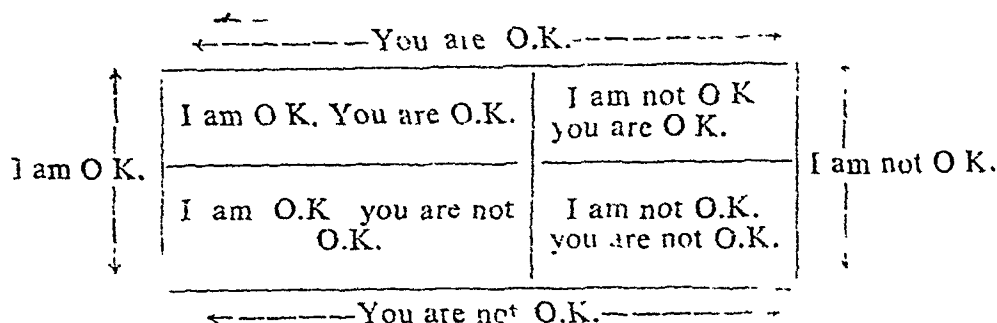


Fig. 11.2 Psychological Positions

1. *I am O.K. you are O.K.* This is a rationally chosen life position. It is made after the individual has a large number of O.K. experiences with others. People with this position about themselves and others can solve their problems constructively. They accept the significance of other people and feel that life is worth living. This is based on adult ego. When managers work from his position, they are likely to express a more consistent pattern of confidence

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4 Jongeward, *Op. Cit.*

5 David C. McClelland, *The Achieving Society*, Princeton: Nostrand, 1961

They display a much higher level of mutual give and take. They are able to express freely what they feel good about others because it offers little threat to them. They delegate authority and feel comfortable with a spread of authority.

2. *I am O.K. you are not O.K.* This position is taken by people who feel victimised or persecuted. They blame others for their miseries. This is the case of aggrieved person with an attitude that whatever they do is right. This is a distrustful life position. It usually results when a person was too much ignord when he was a child. These are the people with rebellion child ego. In this life position, the persons operate with parent ego. Managers operating with this position are likely to give critical and oppressive remarks. They tend to point out the flaws, the bad things, rarely giving any warm, genuinely carrying feelings. They lack trust or confidence in the intelligence, skills, and talents of others. They do not believe delegation of authority and feel that decentralisation is a threat.

3. *I am not O.K. you are O.K.* This position is common to persons who feel powerlessness in comparison to others. It is based on one's feelings about oneself. Individuals who feel a clear distinction between themselves and the people around them who could do many things that the individuals could not do, hold this life position. Persons with this life position always grumble for one thing or the other. Managers operating from this position tend to give and receive bad feelings. They often use their bad feelings as an excuse to act out against others, and when the whole thing comes full circle even they feel guilty for their acts and turn their bad feelings again against themselves. They tend to vacillate in their behaviour and are often unpredictable and erratic.

4. *I am not O.K. you are not O.K.* This is a desperate life position. This position is taken by those people who lose interest in living. They feel that life is not worth living at all. In extreme cases, they commit suicide or homicide. This is the case of individuals who are neglected seriously by their parents and are brought by servants. Managers operating from this position, are likely to get put down strokes from others. They do not make decisions in time: make stupid mistakes or otherwise provoke others to give them negative reactions. They lack personal potency, look to others for final decisions, and delegate inappropriately.

One of these positions dominates each person's life. The desirable position is one that provides an adult-adult transaction, that is, 'I am O.K. you are O.K.' It shows acceptance of self and others. The adults move into O.K.-O.K. position through psychological understanding and conscious choice. This position can be learned through education, understanding, positive and mature psychological experiences. The other three positions are less psychologically mature and less effective.

TRANSACTIONS

When people interact, they involve in a transaction with others. Thus when a stimulus (verbal or non-verbal) from a person is being responded by another person, a transaction is said to occur. The transaction is routed from ego states. Depending on the ego states of persons involved in transactions, there may be three types of transactions — complementary, crossed, and ulterior.

Complementary Transactions

A transaction is complementary when the stimulus and response patterns from one ego state to another are parallel Thus the message by a person gets the predicted response from other person In all, there can be nine complementary transactions These are adult-adult, parent-child, child-parent, etc The transaction is complementary because both are acting in the perceived and expected ego states. Usually in such a case, both persons are satisfied and communication is complete Three complementary transactions are elaborated as follows

1 *Adult-Adult Transactions* The manager in the adult ego state tries to reason out issues, clarifies and informs employees of issues, and has concern for facts and figures, and human needs. His life position is 'I am O K. you are O.K.' This is an ideal transaction. Complementary transactions in these ego states are very effective because both persons are acting in a rational manner. Data is processed, decisions are made, and both parties are working for the solutions Satisfaction is achieved by both persons from the solution rather than one person (superior) having other person (subordinate) a dutiful employee or the subordinate only trying to please his superior. However, there are some inherent disadvantages to the adult-adult transactions The elimination of the child ego can make the transactions dull due to the lack of stimulation that child can provide. Sometimes adult-adult level may prevent decisions being reached due to rational data-processing procedures and a deadline may emerge. In such a case, the superior may have to take the decision with his parent ego state In general, however, this is the best type of transactions for organisational functioning. Adult-Adult transactions may be presented in the following figure

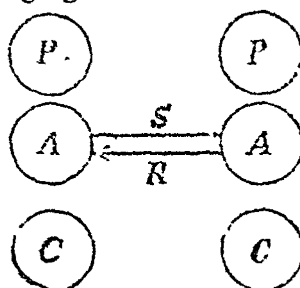


Fig 11 3 Adult-Adult transaction

2 *Adult-Parent Transaction.* In adult-parent transaction, while the manager attempts to use the information he has processed, the employee in the parent ego prefers to use cliches and rules of the past. The employee tries to control and dominate the manager by using the parent ego This transaction style can be effective only on a temporary basis. It can help a new manager understand the rules and guidance under which the employee operates. There are many problems in this transaction style. An employee in the parent ego may create hostile feelings towards managers with adult ego, particularly in the long run. The employee may create other problem when other employees are working with their child ego and recognising his parent ego because he may have better interaction with other employees.

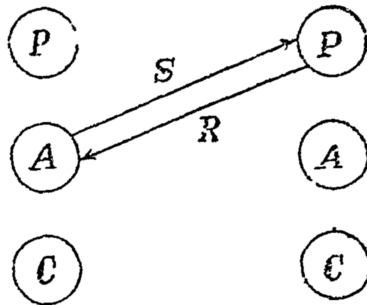


Fig 11 4 Adult-Parent transaction

3 *Adult-Child Transaction* Adult-child interaction can be effective when the manager is aware of the ego state of the employee In such a case, the manager can allow the employee in the child ego to be creative But there may be problem in this interaction when the employee acts irrationally because of his child ego Another problem in this context may be in the form of assumption of employee's ego who may be taken in adult ego but this assumption may not hold good This creates a situation that may be frustrating to the manager and the employee

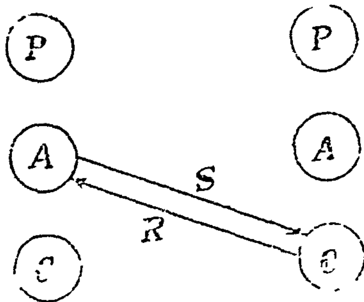


Fig 11 5 Adult Child transaction

4 *Parent-Parent Transaction* The manager in the parent ego uses 'I am O.K you are not O K.' life position He will be a source of admonitions, rewards, rules, criticisms, praise The parent-parent transaction can be beneficial in cases whose employee joins forces with the manager and supports him There are certain disadvantages of this type of situation This may lead to unnecessary competition between the manager and the employee because the latter will promote his own idea rather than those of the manager

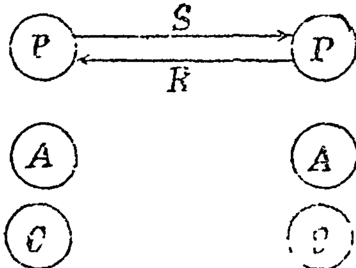


Fig 11 6 Parent-Parent transaction

5 *Parent-Adult Transaction* In this type of transaction, the manager may be frustrated because the employee will not perform as directed At the same

time, the employee may also feel frustration because of the manager's failures to act as adult. Due to frustiation, such a relationship may not last long

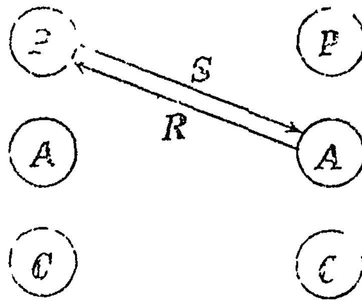


Fig 11 7 Parent-Adult transaction

6 *Parent-Child Transaction* This may be the ideal situation if the manager is interacting with parent ego and the employee is acting in his child ego. The employee finds this transaction advantageous in that it eliminates much responsibility and pressure The child prevents much conflict and provides for ease operation However, this situation may not be advantageous in the long run This depends on the feeling that employees are not capable of doing anything The employee suffers from this interaction because he has to surrender his adult ego. He may feel frustration because he feels his personality is not developed

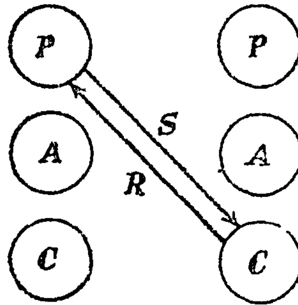


Fig 11 8 Parent-Child transaction

7 *Child-parent Transaction.* The manager in the child ego may contribute very little to the effectiveness of management This is so that, though creativity is one of the characteristics of child, the role of a manager goes beyond this creativity In the child-parent transaction, the employee controls the manager in the child ego The parent will be strong and bearing on the child, and the manager will yield to the employee The employee may hold threats of punishment to the manager in the form of ridicule, loss of popularity, or even in demotion

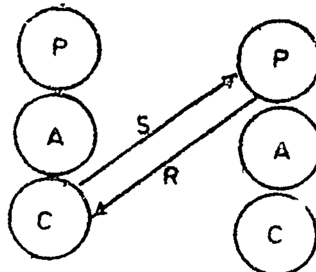


Fig 11 9 Child-parent transaction

8. *Child-Adult Transaction* In this transaction, the adult employee will control child manager. The employee may become discouraged particularly when the manager makes decisions on the basis of whims, fancies, and emotions which pose problems to employee who wants to interact on the basis of rationality. A major disadvantage of this transaction is that the organisation may lose many good employees, particularly those who act on rational basis

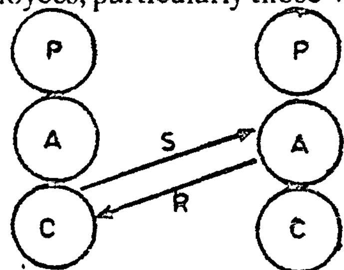


Fig 11 10 Child-Adult transaction

9. *Child-Child Transaction.* The manager interacting in child-child egos is not capable of leading his employee successfully and proves to be a liability to the organisation This transaction may not be lasting because the organisation will review performance. Both manager and employee are acting on whim and fancy, consequently jeopardising the organisational performance.

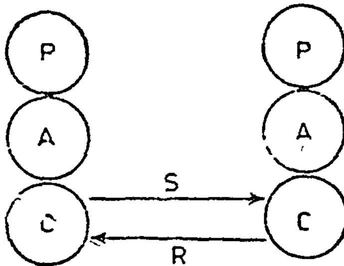


Fig 11 11. Child-Child transaction

Although all these are the possible complementary transactions in the organisation because the line of communication is parallel, not all of these are ideal for the organisation or for the people concerned. From this point of view, only adult-adult transactions are good In some circumstances, as discussed earlier, parent-child complementary transactions may be good.

Non-complementary Transactions

Non-complementary or crossed transactions may occur when the stimulus-response lines are not parallel. This happens when the person who initiates transaction expecting a certain response does not get it. The position has been shown in the following figure

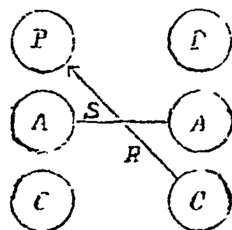


Fig 11 12 Non-complimentary transaction

In this case, the manager tries to deal with the employee on adult-to-adult basis but the employee responds on child-to-parent basis and the communication is blocked. Crossed transaction is not a satisfactory one because the line of communication is blocked and the further transaction does not take place. In such a case, the manager might refuse to play parent-child game and may try again for an adult communication. Another alternative for the manager may be to move parent-child state in order to resume communication with the employee.

Ulterior Transaction

Ulterior transaction is the most complex because the communication has double meaning When an ulterior message is sent, it is often disguised in a socially acceptable way. On the surface level, the communication has a clear adult message, whereas it carries a hidden message on the psychological level Ulterior transactions, like blocked transactions, are undesirable

STROKING

Stroking is an important aspect of transactional analysis (TA) It is defined as any act implying recognition of another's presence. The word stroking has originated from the studies of the needs that babies have for physical affection for complete psychological development. Now it applies to all types of recognition People seek recognition in interaction with others Lack of stroking has its consequence both on physiological and psychological well-being of the persons The future of autonomy of a person depends upon the type of stroking he gets since his childhood Jongeward and Seyer observe that 'people need strokes for their sense of survival and well-being on the job' In fact, strokes are a basic unit of motivation. As a general guide (i) the quantity and quality of strokes serves as either positive or negative motivation for employees : (ii) a good share of satisfaction we get from work depends on the strokes available from other people; and (iii) we can get strokes from the activities of the work itself—specially if what we are doing really fits and we can take responsibility for it. For positive results on the job, it is crucial to give people positive strokes [6] If a person does not get proper strokes, he learns to manipulate the environmental to get strokes. Even if he is not able to get stroking after manipulating, he settles for a state which gives negative strokes. This process may continue even after child grows older unless he updates his original experience and becomes aware of the reality

There are two types of strokes – positive and negative The stroke that makes one feel O K is a positive one Words of recognition, affection, pat on the back are some of the examples of positive strokes. As against this, the stroke that makes one feel as not O K is a negative one Criticism, hating, and scolding are the examples of negative strokes However, people do not always seek positive strokes only They may seek negative strokes also for such reasons as guilt or a low self-image. The negative stroke completes a social transaction for the people as they think it should be, that is, it provides social equilibrium from their point of view. For example, when a superior criticises his subordinate for committing certain mistake, the latter may feel relieved of his

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6 Jongeward and Seyer, *Op cit*, pp 77-78

mistake since the expected punishment has been received However, negative strokes rarely change the undesirable behaviour. The positive behaviour can be secured by avoiding the punishing parent-to-child approach and initiating an adult-to-adult interaction. Further giving and receiving of positive strokes can be learned and people can make efforts to give positive strokes.

PSYCHOLOGICAL GAMES

A psychological game is a set of transactions with three characteristics · *(i)* the transactions tend to be repeated ; *(ii)* they make sense on superficial or social level ; and *(iii)* one or more of the transactions is ulterior The set of transactions ends with a predictable payoff – a negative feeling Payoffs usually reinforce a decision made in childhood about oneself or about others They reflect feelings of non-OKness When people play games, they do things like this : fail to come through for others, pass the buck, make mistakes, complain about and dote on their own sorrows and inadequacies, and catch others in the act. Psychological games can be a powerful force in preventing people and organisations from becoming winners

Game players usually assume one of three basic roles · victim, persecutor, or rescuer. Persecutors are characterised by such people who make unrealistic rules, enforce rules in cruel ways, and pick on little guys rather than people of their own size. Victims are people who provoke others to put them down, use them, and to hurt them; send them helpless messages, forget conveniently, and act confused. Rescuers are characterised by people who offer helpfulness to keep others dependent on them, do not really help others and may actually dislike helping, and work to maintain the victim role so they can continue to play rescuer. These three roles are not independent, rather the players of psychological games often switch back and forth in their roles. In many circumstances such characteristics may be real. For example, people may be really victimised personally or politically, or discriminated against on the job. In such a case they are real victims. However, psychological game denoted that people assume the role of game players, and differ from reality.

Reasons for Psychological Games

People usually learn their game patterns right since their childhood. They learn to believe certain things about themselves and about others, and act accordingly. As grown-ups they play games for a variety of reasons, important of them being as follows :

1. *To get strokes.* People want positive strokes on their jobs. However, when they are not able to get these from others they try to set a situation where they satisfy their needs for strokes

2. *To strengthen psychological positions* Games are generally played to strengthen psychological positions, which the people hold. If people hold non-OK positions, they try to emphasise it through the games. Jogngeward observes that 'most of us occasionally assume an I am not-OK position' and arrange our worlds to confirm it. For people who think themselves as not-OK, kick me games provide a powerful way to reconfirm negative expectations.[7]

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7. Jongeward and Seyer, *Op cit*, p 113

3. *To avoid or control intimacy* People who fear openness, accountability, and responsibility in relationships, play games as avoidance This is so because games put distance between people They can be used to control or block intimacy, keeping people away from open and honest encounters.

Methods of Preventing Games

Games are essentially two-way transactions. Thus they can be broken on either side. However, an effective thwarting of someone's game is not possible without changing the psychological position of the person concerned. This is so because it is unrealistic to assume that the person is cured of game playing if suitable response is held. The person may be cured only of playing the game in that particular situation or with that person, and there is possibility that the person may play that game elsewhere. A therapeutic change is often necessary for permanent change The knowledge of TA gives far more effective control over hurtful or harmful relationships on the job Jongeward has suggested the following steps to overcome the psychological games.

1. Avoidance of the complementary hand ;
2. Avoidance of acting roles involved in games, particularly victim roles,
3. Avoidance of putting other people down ,
4. Avoidance of putting oneself down ;
5 Giving and taking positive strokes as against negative strokes ;
6 Investing more of life's time in activities and intimacy ; and
7. Levelling the thinking with others [8]

BENEFITS AND USES OF TA

TA is an approach towards understanding human behaviour. Thus it can be applied to any field of human interactions. This is more particularly related when people come for interaction, and that too in interpersonal relationships. Following are some of the specific areas where TA can be applied beneficially

1. Developing Positive Thinking

TA is applied to bring positive actions from people because TA bring positive approach towards life and hence positive actions. TA brings a clear change from negative feelings – confusion, defeat, fear, frustration, loneliness, pessimism, and suppression – to positive feelings – clear thinking, victory, achievement, courage, gratification, decision, friendship, optimism, and fulfilment. Such a change from negative attitude to positive attitude is a source of psychic energy. Positive attitude makes people stronger and negative attitude makes them exhausting. Whole objective of TA training programme is directed towards positive thinking. Thus its application can enhance the trust and credibility felt toward the organisation which are essential for good employee relations Some of the specific areas for developing positive thinking through TA are stroking, positive reinforcement, inner dialogue as related to decision-making, active listening, and time-structuring.

2. Interpersonal Effectiveness

TA improves interpersonal relationship by providing understanding of

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9. Jongeward, *Op cit.*, pp 51-59

ego states of persons involved in interaction. It emphasises complementary transactions which ensure complete communication and problem-solving approach. Since complementary transactions can be learned by individuals in the organisation, people can improve interpersonal relations through TA The effective managers may be able to analyse transactions with employees in the organisation. TA provides them with a theoretical framework within which to examine interactions with the employees The managers may be able to identify the ego states from which both parties are interacting A better understanding of themselves and of other persons will make them more comfortable, confident, and effective The improved interpersonal relations will bring effectiveness to the organisation.

3. Motivation

TA can be applied in motivation where it helps in satisfying human needs through complementary transactions and positive strokes Managers can enrich jobs for people by helping them to engage in kinds of activities that give them more positive strokes. It emphasises strokes from the intrinsic value of the work, rather than depending entirely on strokes from outside (extrinsic). The job enrichment in this case means increasing the number of intrinsic strokes gained from the work activity TA helps in changing the managerial styles more suitable to the emergent situation In this context, TA may be compared with McGregor's Theory X and Y.[9] The theory X manager emphasises parent-child relationship and uses terms like 'should be', 'have to', 'must' and so on. He adopts a life position of 'I am O.K. you are not O.K.' which is not a healthy position either for motivating the employees or for the organisation as a whole. On the other hand, theory Y manager emphasises adult-adult interaction with life position 'I am O.K. you are O K.,' which is motivating for employees and beneficial to the organisation as a whole.

4. Organisation Development

Organisation development applies a humanistic value system to work behaviour and a reorientation of man's thinking and behaviour towards his work organisation. The major goal of organisation development is to fight the past in the present in order to choose freely the future. TA can help in organisation development process. Jongeward has identified the role of TA in six areas of organisation development : to maintain adult-adult transactions, to give an OK to the natural child, to identify and untangle quickly crossed transactions, to minimise destructive game playing, to maximise encounters (intimacy), and to develop supportive systems, policies, and work environment. TA can be compared with managerial grid of Blake and Mounton,[10] a technique for adapting appropriate leadership styles and organisation development. Various leadership styles may be described in terms of life positions, ego states, and transactions. For example, the 9-1 manager uses parent-child transaction, the 1-9 manager acts from child ego state, the 9-9 manager acts from adult ego and effectively makes use of parent and child ego states. In the managerial grid, 9-9 style is the most desirable which corresponds with adult-adult transaction which is best according to TA.

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9. D M Gregor, *The Human Side of Enterprise*, New York McGraw Hill, 1960

10 Robert R Blake and Jane S Mouton, *The Managerial Grid*, Houston . Gulf Publishing, 1964

Besides these major areas, TA can be utilised anywhere the people come to interact Jongeward has suggested that transactional analysis is a practical and useful interrelationship model for organisations because (1) it is easy to learn, (2) it gives a positive communication tool that is practical and almost immediately usable, (3) it helps to increase a person's on-the-job effectiveness because of better self-understanding and greater insight into personalities and transactions, (4) it may help solve personal and family problems, (5) it gives a common language for people working together to attempt to solve their own communication problem, (6) it is a non-threatening approach to self-evaluation, and (7) it offers a method for analysing not only people but also organisational scripts [11]

DISCUSSION QUESTIONS

1 What is Transactional Analysis ? How does it help in improving interpersonal relationships ?

2. What do you mean by life script ? What are the various life script positions which people take in interacting with others ?

3 Explain ego states What are the different ego states and how do they affect behaviour o ople ?

4 What are psychological games ? Why do people play psychological games in the organisation ? Discuss some methods through which such games can be avoided ?

5 What are different transactions in interpersonal relationships ? How can people be involved in complementary transactions ?

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11 Jongeward, *Op cit.,* p 2

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Group Dynamics and Behaviour

Theme

To understand the nature of group dynamics	To understand group behaviour both in formal and informal groups
To understand the operation of some formal groups	To understand intergroup behaviour

Groups exist in every organisation and they affect the behaviour of their members. They not only affect the behaviour of their members rather they have impact other grups and the organisation as a whole. Such groups are created by the organisation as well as by organisation members for their own satisfaction An organisation divides its ultimate task into small tasks which are assigned to various sub-units. Division of tasks and passing them down until a level is reached where several people take a sub-goal and divide it among themselves as individuals, but no longer create work unit Thus the organisation itself generates forces towards the formation of various functional task groups within itself Besides, many groups are created automatically because of operation of socio-psychological factors at work place Thus these groups are essential for organisation's functioning. If one wants to study the organisation, he will have to understand groups and their functioning. Group dynamics provides understanding of groups.

Group dynamics is concerned with the interactions and forces between group members in a social situation. When the concept is applied in organisational behaviour, the focus is on the dynamics of members of formal or informal groups in the organisation. However, the term group dynamics is defined in different ways One view is that group dynamics describes how a group should be organised and operated This includes democratic leadership, participation, and co-operation. Another view takes group dynamics as a. set of techniques such as role playing, brainstorming, leaderless group, group therapy, sensitivity training, etc According to the third view, group dynamics is viewed from the internal nature of groups, their formation, structure and processes and the way they affect individual members, other groups, and the organisation. This view is more prevalent In fact the word dynamics comes from the Greek word meaning force : hence group dynamics refers to the study of forces operating within a group.

Concept and Features of Group

It is quite difficult to define a group independent of some specific purpose or reference. That is why people tend to define group differently. Shaw has summarised various definitions of groups into four categories. *First*, group is defined as consisting of individuals who perceive the existence of a group and their membership in it. *Second*, group is defined on the basis of

a common motivation or goal *Third*, this class of definitions looks to the structure of the group – the relationships and ties among group members which bind them together into a group. *Fourth*, this definition perceives the central element of a group to be interacting among its members. This approach, Shaw finds most acceptable and defines group as 'two or more persons who are interacting with one another in such a manner that each person influences and is influenced by each other'.[1]

This definition may be expanded further to include qualifications, as identified by Shepherd.[2] First, the small group is a kind of social phenomenon which is more enduring and tighter than social relationship but is looser or less organised than a formal organisation. Second, a group should be large enough for group characteristics to develop and become stable, but small enough so that the members feel a sense of common identity and mutual awareness. The size of a group cannot be prescribed in terms of exact number of persons However, as small group increases in size, it reaches some upper limit where the group becomes altered so that its members establish some formal rules and regulations and group becomes more like a formal organisation. Third, the small group, apart from its size, possesses some other characteristics. Moreover, it is not necessary that a group can be informal only, as pointed out by Shepherd

Thus a group may be defined as the aggregation of small number of persons who work for common goals, develop a shared attitude, and are aware that they are part of a group and perceive themselves as such. Based on this definition, following features of the group can be identified.

1. *Two or More Persons.* To form a group, there should be at least two persons because a single individual cannot interact. However, there can not be any specific limit on the maximum number of persons in a group but the size of the group will be determined by rules and regulations of the organisation in this context, or meaningful interaction among the members in the case of informal groups.

2. *Collective Identity* Members of the group must be aware about their membership of the group. Each member of the group must believe that he is a member of, is a participant in, some specific group. It is the awareness of each other that most clearly differentiates a group from an aggregation of individuals In the case of aggregation of individuals, they are ordinarily not aware of one another or, if aware, do not interact with each other in a meaningful way.

3. *Interaction* Members of the group interact among themselves Interaction means that each member shares his ideas with others through communication and this communication can take place face to face, in writing, over the telephone, across a computer network, or in any other manner which allows communication among group members. However, it is not necessary for all members of the group to interact simultaneously, but each member must interact at least occasionally with one or more members of the group.

4. *Shared Goal Interest.* Members of the group should subscribe to the

1 Marvin E Shaw, *Group Dynamics The Psychology of Small Group Behaviour,* New York . McGraw-Hill, 1971, p 10

2. Clovis R Shepherd, *Small Groups,* San Francisco · Chandler, 1964

attainment of some common objectives. However, it is not necessary that each member subscribes to or agrees with all the objectives of the group. If a group has a variety of objectives or interests, each member of the group must share at least one of the group's concerns. The shared goal interest binds the group members together.

Types of Groups

Groups may be classified into different types. The basis of differentiation may be purpose, extent of structuring, process of formation, and size of the group membership However, an analytical classification of the group may be : formal and informal, primary and secondary, membership and reference, command and task, and in-group and out-group. Each type has different features and different effect on its participants. While a detailed description of formal and informal groups has been presented later in this chapter because of their importance in the organisation, brief description of other classifications is given here.

1. *Primary and Secondary Groups.* A primary group is characterised by intimate, face-to-face association and co-operation. The membership of such a group is small and is based on intimate relationship. Examples of such groups may be family, friendship groups, or neighbourhood groups. A secondary group is more formal, general and remote. The members of the secondary group may not have any interest in the problems and pleasures of others. The continuous interaction, intimacy, face-to-face interaction, co-operation and association of primary groups may not be found in secondary groups.

2. *Membership and Reference Groups* A membership group is one to which an individual really belongs while a reference group is one with which the individual identifies or to which he would like to belong In fact, an individual may be member of several groups at a time but he may not participate actively in all such groups but he would like to participate in that whose norms are more attractive and gratifying. The attractiveness of the reference group makes the norms of that group more attractive to the individual who aspires to it and its norms will, therefore, become more influential in determining behaviour. The reference groups have more relevance to organisational behaviour.

3. *Command and Task Groups.* A command group is composed of the subordinates who report directly to a common superior. This type of group is determined by organisation chart. Example of such a group may be a production manager and his subordinates in his department, a college principal and teachers, and so on. A task group is comprised of the employees who work together to complete a particular task or project. A task group is usually formed to solve a problem or perform an activity that involves a number of organisational units. Thus, membership of the task group may extend beyond the hierarchical command of a superior.

4. *In-Groups and Out-Groups.* The in-group represents a clustering of individuals holding prevailing values in a society or, at least, having a dominant place in social functioning. It can be a majority numerically, or it may represent the power structure with its pattern of behaviour considered

desirable The out-group is the conglomerate looked up as subordinate or marginal in the society , it is usually referred to as the minority group even though in certain instances, it may represent a numerical majority

Formal and Informal Groups

There may be various types of groups. In organisational setting, there may be two types of groups which are classified on the basis of structuring These are formal and informal. These are also referred to as formal and informal organisations because of the term organisation being currently used in terms of organisation as an entity or its parts, though the tendency is to term former as formal groups and latter as informal organisation. Formal groups are created and maintained to fulfil specific needs or tasks which are related to the total organisational mission. Thus these are consciously and deliberately created Such groups may be either permanent in the form of top management team such as board of directors or management committees, work units in the various departments of the organisation, staff groups providing specialised services to the organisation, and so on, or the formal groups may be constituted on temporary basis for fulfilling certain specified objectives When such objectives are fulfilled they disappear. These may be in the form of temporary committees, task-force, etc

Informal groups, on the other hand, are created in the organisation because of operation of social and psychological forces operating at the work-place. Members create such groups for their own satisfaction and their working is not regulated by the general framework of organisational rules and regulations. Thus formal and informal organisations differ from each other in the following respects ·

1. *Origin* As discussed above, reasons and circumstances of origin of both formal and informal organisations are quite different The formal groups are created deliberately and consciously by the framers of the organisation. On the other hand, informal organisations are created because of the operation of socio-psychological forces at the work-place. that is, people while working together develop certain liking and disliking for others and interact in a way not prescribed by the framers of the organisation.

2. *Purpose.* Since formal groups are deliberate creation, they are created for achieving the legitimate objectives of the organisation. In fact, informal groups are the basic product of formal organisation structure The informal groups are created by organisational members for their social and psychological satisfaction. Thus they serve the purpose of organisational members which formal groups are not able to satisfy.

3. *Size.* Formal groups may be quite large in size Sometimes formal groups are constituted to give representation to various interest groups in the organisation, and their size has to be kept large. However, in other cases, efficiency is the criterion for fixing the size of the formal groups. The informal groups tend to be small in size so as to maintain the group cohesiveness which is essential for the informal groups to be attractive for the members concerned

4. *Nature of Groups* The formal groups are stable and may continue for a long period. Their membership is specified through organisational process. There may be many standing groups in the organisations as discussed

under committee form of organisation Such groups continue indefinitely, only their members may change. The informal groups, on the other hand, are quite unstable in nature. Since their formation and functioning depend upon the value systems, general liking and disliking, and other personality features of the members concerned, they may disappear very quickly because of the change in the membership or they may cease to be attractive for the members and the members may form alternative groups.

5 *Number of Groups* Since the whole organisation is divided into so many groups and subgroups, their number may be many in a single organisation. In fact, the number of formal groups is decided to serve the organisational purpose. This depends upon the organising pattern Similarly a large number of informal groups may also be found in the organisation Moreover, an individual may become member of several informal groups. Therefore, there is overlapping of membership

6. *Authority* The members of formal groups derive authority through the formal source, that is, through the process of delegation and redelegation Thus, authority flows from the higher to lower levels In the informal groups, all members are equal, however, some may command more authority by virtue of their personal qualities Thus authority is commanded. People give authority to those persons who are likely to meet members needs' maximum This is the way of emergence of informal leaders in the informal groups Such people have maximum positive interactions in the groups.

7. *Behaviour of members* The behaviour of members in the formal groups is governed by formal rules and regulations. The rules are normally directed towards rationality and efficiency. In the informal groups, the behaviour of the members is governed by norms, beliefs, and values of the groups The kind of behaviour that is expected of a member is specified by these factors. If any member defies these, he is disliked by other members and for the person. the group does not remain attractive and he leaves it.

8. *Communication* Communication is prescribed in the formal groups. It is normally through chain of command to which people refer as formal channel of communication All communications in the formal groups are expected to pass through that channel. In the informal groups, the communications pass through informal channels. This informal channel may be in any form, as will be discussed in Communication chapter

9. *Abolition.* The formal groups can be abolished at any time. Since these are created by organisational process, these can be abolished by organisational processes also. In fact, many of the formal groups are constituted for certain specific purpose or period. When this is over, this group also disappears The informal groups are difficult to abolish by organisational process. In fact, any attempt by management to abolish the informal groups may be thwarted by the members and may lead to the formation of many more groups. Since the informal groups are byproducts of natural desire of human beings to interact, management does not have any control over them.

Both formal and informal groups affect individuals. The formal group or organisation being a matter of designing and structuring, it will be taken for detailed discussion in a later part. The informal organisation is being discussed here

INFORMAL GROUP

Informal group, also called as informal organisation, is created because of the limitations of formal one. The actual organisation structure is the result of the formal and informal relationships. What is given in the official chart is a formal organisation but it is not a complete picture of an organisation. The informal organisation refers to people in group or association at work, but these associations are not specified in the blueprint of the formal organisation. The informal organisation means natural groupings of people in the work situation.

Causes of Informal Organisation

Informal organisation is inevitable along with formal one and to obtain a total picture of any organisation, one must consider the informal structure also. This is natural and is found in those aspects of structure which, while not prescribed by formal authority, supplements or modifies the formal structure. The informal organisation is created because formal organisation is not complete from the participants' point of view In particular, following factors are responsible for the creation of informal organisation with the formal one :

1. *Desire to socialise with others* Personnel like to socialise in order to overcome the extreme specialisation of the work-place as well as psychological fatigue and boredom of the job because it allows them to satisfy their social needs on the job. The need for relationships with others is one of the most important human needs. Activity assigned by formal lines of authority, perhaps, does not attract the entire attention or satiate all the needs of the employees and they tend to activate relationships other than those formally specified in organisational settings Physical nearness may stimulate interaction among employees placed together in an organisation. Thus the reason for informal organisation is social Keith Davis has observed that 'along with men's technical imperative, there is also a social imperative to work toegether Man is a social being He wants to belong, to associate with others rather to work in isolated loneliness. Out of this basic drive of man, the informal organisation arises'.[3] Thus, it can be said that whereas the formal organisation is rationally created for technological purposes, the informal organisation naturally arises from man's quest for social satisfaction

2 *Job specialisation* Personnel concentrate on a single or a few simple tasks that lead to boredom on the job Many of these tasks are performed in conjunction with some type of specialised machinery. Greater the degree of specialisation, greater is the degree of routing work, and greater the degree of boredom. Consequently, greater is the degree of informal organisation Job specialisation can create serious morale and motivational problems. Employees have little sense of accomplishment, autonomy, or identification with work Their fragmented jobs yield both monotony and drudgery. Personnel experience fatigue, characterised by feeling of meaninglessness, and are unable to relate their jobs with final output In such a situation, many of

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3 Keith Davis, *Human Behaviour at Work*, New Delhi Tata McGraw-Hill, 1985

their higher order needs are not satisfied and they have to resort to informal interaction as an outlet for releasing such tension.

3. *Escape from work environment* Personnel tend to seek escape from their jobs when their capabilities exceed than those required by the jobs. The greater the disparity between the two, greater is the tendency to escape from the work environment because enough time remains available for informal interaction.

4. *Hierarchical control and communications* One of the inevitable characteristics of modern large organisations is the existence of hierarchy creating superior-subordinate relationships and separating decision-makers and decision-implementers. In such hierarchical structure, there is a natural tendency of exercise of control by superiors. In a rigid control, subordinates, being unable to thwart such control, try to find the outcome where there is no such control. Moreover, if the communication downward does not carry message, meaningful from the point of subordinates, they resort to seek such information from informal sources. Greater the degree of bottleneck in hierarchical communication, greater is the chance for horizontal and informal communication.

Types of Informal Organisations

Since informal interaction is spontaneous, it can take place in any way. Consequently, informal organisations may be of different types. Dubin has distinguished two contrasting classifications of informal organisations as presented by Mayo and Lambard and Sayles based on their research studies.[4] Mayo and Lambard have classified informal organisations into three categories – natural, family and organised – on the basis of the functions of the group in determining standards of conduct and the internal structure. The natural group does have very little structure. The family group has regular members who exert marked influence on the behaviour of members. The organised groups have some acknowledged leaders and a more consistent structure.

Sayles has classified informal groups into four types · apathetic, erratic, strategic, and conservative. Apathetic groups show indifferent attitudes towards formal organisations consistently. Such groups are characterised by dispersal and unaccepted leadership, lack of cohesiveness, internal disunity and conflict, and suppressed dissatisfaction. The erratic groups are marked by rapid inflammability, poor control, inconsistent behaviour, centralised autocratic leadership, and union formation activities. The strategic groups have relatively antagonism, continuous pressures, well-planned and consistent grievance activity, high degree of internal unity, sustained union participation, and usually good production record in the long run The conservative groups have usual co-operation, moderate internal unity, limited pressures for highly specific objectives, and self-assurance and activity-inactivity cycles in terms of union activities and grievance procedure.

Effect of Informal Organisations

As a contrast to formal organisation where every process – role, status,

4 Robert Dubin (ed), *Human Relations in Administration,* New Delhi Prentice Hall of India, 1970, pp 467-68

authority relationships, decision-making, channel of communication—is prescribed, there is no prescription in the case of informal organisation Thus, such processes in informal organisation take place in a most unstructured way, though these informal processes interact with formal ones In result, they may affect, or may be affected by, formal processes In particular, three elements—authority, leadership, communication—affecting and influencing human behaviour are very important in the working of informal organisation

1. *Authority* Informal organisation is the consequence of innumerable personal and social relationships. These personal and social relationships arise spontaneously. The network of relationships in an informal organisation is not required by the formal authority On the contrary, many times the actual relationships may be contradictory to the prescribed pattern A basic question is : What is the source of authority in informal organisation ? Authority in informal organisation is personal as contrasted to positional authority in formal organisation. Keith Davis has observed that 'power in informal organisation is earned or given permissively by group members, rather than delegated , therefore, it does not follow the official chain of command It is more likely to come from peers than from superiors in the formal hierarchy, and it may be across organisational lines into other departments. It is usually more unstable than formal authority, since it is subject to the sentiments of people. Because of its subjective nature, informal organisation is not subject to management control in the way that formal organisation is [5]

A person may hold some personal power in the informal organisation along with his official authority, however, such power cannot be more than what other members of informal organisation enjoy. Simon[6] opines that authority is only one of a number of formal organs of influence and, in an informal organisation, pattern of influence may not be directly authoritative but considerably significant, that is, an individual may not be possessing authority to influence but may exercise influence to mould the behaviour of members without being legally responsible for such action This is the capacity to obtain acquiescence from peers or subordinates without being empowered to the same.

2. *Leadership* It is important for directing behaviour in informal organisations It is not necessary that leadership comes from superiors only as held by the scientific management approach Rather, any member of the informal organisation may be a leader A leader performs vital functions that contribute to the group's ability to survive in its environment These functions are : *(i)* he initiates action , *(ii)* he facilitates a consensus ; and *(iii)* he provides a link or liaison with the outside world, managers, other work groups, the union Any one performing these functions may become leader of the informal group However, superior is in a better position to perform these functions for members and he is more likely to become informal leader, though in many cases, persons other than superiors become much stronger leaders than superiors There are several factors determining group leader-

5 Keith Davis, *Op cit* 252

6 Herbert A. Simon, *Administrative Behaviour,* New York The Macmillan Company, 1976

ship, such as, age, seniority, technical competence, work location, freedom to move around the work area, and a responsive personality. The causes are actually as multitudinous as the situations, because each leader arises under slightly different circumstances. Researches show that those persons who emerge as informal leaders are perceived by other group members as being the best able to satisfy the group's needs. The members may not make a rational calculation to establish just who can satisfy their needs best, rather, their feelings about whose lead to follow may be based on experience, the beliefs of other members of the group, or positive statements by potential leaders about what ought to be done.

An informal leader who is appointed as superior, his position changes because of two propositions. First, with his appointment as superior, he gets formal authority in the enterprise This authority enables him to increase or decrease the satisfaction of his subordinates. Such authority is not available to an informal leader. Second, he has an obligation not only to help subordinates to satisfy their needs but also to achieve the results desired by the enterprise Thus, his role requirement may be conflicting for meeting both the objectives—enterprise objectives and group objectives In such a case, he may turn out to be an utter failure. There are numerous instances where good informal leaders turn out to be ineffective and develop destructive conflict as soon as they receive formal authority.

Many observers have the tendency to refer to the informal leader, as though a single leader could be identified in every group. Actually, unless the group is very small, the functions described above are usually shared by several active individuals who together comprise the leadership of the group. In fact, various studies suggest that every stable informal group has at least two leaders, a task leader whose function is to drive the group towards its goal, and a human relations leader who keeps the group from falling apart.[7]

3. *Communication.* Informal organisation is a need fulfilment device generated from within and also from without when it is found that the existing formal communication channel is inadequate or insufficient. The requirement of speedier communication generates the need for informal channel which is supplement to the formal one. Chester Barnard opines that the communication function of executives includes the maintenance of informal executive organisation as an essential means of communication[8] (A detailed discussion of the nature of communication in informal organisation is presented in Chapter 15 – Communication).

Functions of Informal Organisation

Informal organisations exist because they perform certain desired functions for their members. Dubin has identified four functions of informal organisations as: *(i)* informal organisations are natural units where the actual operations for getting things done are determined; *(ii)* they provide simultaneously the climate for experiments with new methods of work; *(iii)* they establish and maintain norms of behaviour for members; and *(iv)* they provide

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7 George Strauss and Leonard R Sayles, *Personnel*, New Delhi Prentice-Hall of India, 1971, p. 84

8 Chester Barnard, *The Functions of the Executives*, Cambridge Harvard University, 1960

each member with the sympathetic type of human consideration which supports his self-image and his personal integrity[9] Chester Barnard has identified three important functions of informal organisations : (i) means of communication, establishing norms of conduct between super-subordinates and subordinates ; (ii) maintenance of cohesiveness in formal organisation by regulating the willingness to serve and the stability of objective authority; and (iii) the maintenance of personal integrity or self respect and independence[10] Philip Selznick emphasises modifying function of informal organisations and says that in every organisation, the goals are modified, abandoned, deflected, or elaborated by processes within it. These organisational processes are modified by informal organisation.[11] Keith Davis has identified three functions of informal organisations : (i) preserving group integrity, (ii) social satisfaction and control.[12] A comprehensive view of the various functions of informal organisation is presented as below .

1. The informal organisation perpetuates cultural values which the group holds as important. This function helps to preserve the group integrity. People who work together naturally adopt common points of view that every one is expected to share The individuals become wedded to the group as a result of constant association and socialising process. In fact, the basic reason in the creation of informal organisation is the group value which every member pursues

2 Informal organisation provides social satisfaction by providing status, recognition, and further opportunity to relate to others Many jobs which appear superficially dull and routine, are made more interesting by the individual ingenuity. Management defines a rigid series of job requirements but work-groups provide a setting which spurs an individual to modify the job situation more to his own liking. Thus, the job becomes more interesting and satisfying

3. Informal organisations help in solving the work problems of members They carry out their tasks effectively through the help of other members, group-decisions and sharing job knowledge The group's solution to a problem may differ from what management expects and it may be even more effective because red-tape is eliminated ; short-cuts are evolved ; informal channel of communication is evolved to cut across departmental boundaries In fact, where the technology imposes extreme interdependence, and precise and instant coordination is required, the organisation depends on the group to control and specify the individual's contribution to the total effort. All this contributes to the effective performance of work.

4. Informal organisations establish and maintain norms of behaviour which differentiate between good and bad conduct, between legitimate and illegitimate activities, and between moral and immoral acts. Abstract concepts, such as, honesty, loyalty, co-operation, self-sacrifice, etc , do not convey an immediate meaning except as they are used in operative situations involving

9 Robert Dubin, *Op cit*, p 107.

10. Chester Barnard, *Op cit*,

11 Philip Selznick, *Leadership in Administration*, New York Harper & Row, 1957.

12 Keith Davis, *Op cit*

informal groups. Larger groups, particularly in professional pursuits, often maintain ethical standards designed to further the goals of the overall membership. However, all group standards are not consistent with the objectives of the larger organisations. Many a time, groups do urge their members to produce less than they might otherwise accomplish or do try to reject new assignment, or do show their resistance to a change.

5 Groups help protect their members from outside pressure. Probably the most important group standards are those that protect the groups against real or imagined outside dangers, particularly from upper management Dynamic organisations have a tendency to introduce change in work methods and routines at a faster rate than individuals can adjust to them. The place at which these changes are introduced can be materially altered by a determined work group

6. Informal group acts to fill up the communication gaps of its members In order to meet the communication needs of its members, it develops systems and channels of communication. Such systems and channels cut across the hierarchical and departmental boundaries and transmit information much quickly.

Difficulties due to Informal Organisation

The working of an informal organisation produces both functional and dysfunctional aspects. On the one hand, it benefits both its members and organisation as a whole; on the other hand, it creates difficulty in the smooth functioning of the organisation. The major difficulty that emerges because of informal organisation is resistance to change, role conflict, rumour, and conformity.

1. *Resistance to change.* Most dynamic organisations want change in work methods and routines ; informal groups have tendency to perpetuate the *status quo.* Each group tries to maintain equilibrium In trying to maintain equilibrium, a group develops responses to return to its perceived best way of life whenever any change occurs. Though people perceive the outcome of a change individually if the outcome of change is precise and definite, often they show their reaction in group, and since informal groups are bound by convention, custom, and culture, often they resist any change.

2. *Role conflict* Since informal organisations try to meet the social needs of their members, there is a natural tendency to produce role conflict. An individual perceives role conflict when he has to fulfil conflicting requirements of both his group as well as of organisation as a whole. Such a conflict may be dysfunctional from organisation's point of view. Much of the role conflict can be avoided by carefully cultivating mutual interests with informal groups The more the interests, goals, methods, and evaluation system of formal and informal organisations can be integrated, the more productivity and satisfaction can be expected.

3. *Rumour.* Rumour is a phenomenon of social communication that supplements the transmission of information through formal communication. Rumour is a specific proposition for belief, passed from person to person, usually by word of mouth, without secure standards of evidence being present. Rumour deals with temporary events in a way that implies that

whatever is said is true even though there is not much information to support it The basic reason for the circulation of rumours is ambiguous circumstances and relieving of emotional tensions felt by people in those ambiguous situations. Since most of the time rumours carry false information, they become detrimental to organisational functioning. The best course of action to deal with rumours is the identification of their source and cause. Getting at causes is wise use of the preventive approach, instead of a tardy curative approach When people feel secure, understand the things that matter to them, and feel on the team, there are few rumours because there is very little ambiguity in the situation.

4. *Conformity.* The informal groups exert strong pressures for conformity. When conformity is mentioned, a person usually thinks of an autocratic boss and organisational rules The members identify so much with the informal group that it becomes a part of their everyday life. Accordingly, they hardly realise the powerful pressures which it exerts to get them to conform to its code of conduct The conformity to informal group implies that members become subject to wilful control of an informal leader who may manipulate the group towards selfish or undesirable ends The informal leader wields group power without the official controls, weight of responsibility, and public regulations that formal leader has. In this way, the informal group can become an instrument of neurotic source of conflict or non-responsible rabble using the group for their own selfish ends.

Influencing Informal Organisation

Informal organisation is a natural outcome of the operation of social factors at work As such, it can neither be created nor dispensed with. It is a reality that management can ignore this only at its own peril. Management sometimes tries to evade this reality by emphasising the organisation as a whole, even to the point of trying to break up what it regards as destructive cliques. But loyalty to the face-to-face group, to one's fellow workers, is much stronger than loyalty to the larger entity. Management, however, can develop overall loyalty by making proper use of informal organisation. It can modify informal behaviour to make it more meaningful for organisational functioning. Since informal organisation operates during work as well as away. management can influence it by such means as what management communicates, which people are permitted to work close together, and how management recognises informal leader. Keith Davis has identified following functions of a manager in this context :

(i) Manager should let employees feel that management accepts and understands informal organisation ;

(ii) he should consider possible influence upon informal systems when taking any decision ;

(iii) he can integrate interest of informal groups with those of formal organisation ;

(iv) he can keep formal activities from unnecessarily threatening informal organisation in general [13]

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13 *Ibid*, p 286

The implication of these actions is the adaptation of flexible and accommodating approach towards informal organisation rather than a strong repressive approach to solve a problem arising out of the functioning of informal organisation because such an approach hardens the attitude of the members of informal organisation leading consequently to generate counter-action and severe destructive conflicts. Thus, the best approach would be to recognise the existence of informal organisation with formal one.

GROUP BEHAVIOUR

In considering the manner in which perceptions and judgements are influenced by social variables, particularly in group setting, attention can be focused on individuals. But the group itself can be studied as a whole because the products of group interaction cannot necessarily be predicted from the behaviour of individuals outside the group situation. This is because each member of the group affects the behaviour of other members and, in turn, is affected by them. The group also determines the nature and patterns of reinforcement the members receive in the course of their interaction with one another. Therefore, the behaviour of individual members in a group may be different than their behaviour outside the group situation In understanding group behaviour, the factors that should be analysed are group norms, group cohesion, and group decision-making

Group Norms

Functions of groups are sometimes termed as normative in that they cause people to behave in a similar pattern as well as evaluative in providing a reference point by an individual of his own behaviour The normative function of group is of great importance in organisational behaviour because it helps a manager to understand how and why an individual will behave according to group norm. Group members tend to form and conform norms Norms are rules of behaviour or proper ways of action which are accepted as legitimate by group members. The kinds of behaviour that are expected of group members are specified by these norms. Group norms perform two functions. First, norms help the group to accomplish its goals Approved procedures for movement towards an agreed upon goals are often the source of pressure of uniformity. If methods are seen as assuming progress towards a goal, then members view these procedures as the proper way to behave. Second, norms help the group maintain itself as a group. These ensure that group will continue to maintain entity by putting pressure against behaviour that may divide or threaten the existence of group; or make members uncomfortable and ready to resign also serve to ensure that the group survives.

People conform to the group norms for their own benefit. Homans, a noted sociologist, has provided the 'equation of human exchange theory' to explain why people conform to group norms. This theory is built upon the premise that interpersonal activities and sentiments emitted by one individual responding to another are more or less reinforcing or punishing to the behaviour of the other individual, that is, they are more or less valuable to him The nature of interactions is determined by an individual's perception of the profit of the interaction. This can be defined in familiar economic terms :

Profit = Rewards − Costs

Individuals arrange their social interactions in such a way as to maximise total profit. Thus the degree to which the individual adheres to the norms of the group are based upon the net profit figure. All members of a group may not conform to group norms or majority opinions to the same degree. Researches on this aspect of group dynamics present the following conclusions :

1. The degree of conformity with the group norms depends upon the status of group and its members Within a group, it has been observed that higher the rank of a person, the more nearly his activities conform to the norms of the group.

2. Seniority in a group influences the degree to which a person will comply with norms The new person may be expected to adhere more closely to group norms than a person who has been in the group for some time.

3. The amount of conformity is determined by several variables. The pressure for conformity increases for an individual as the number of persons agreeing increases

4. The more stable and cohesive a group is, the more likely it is to exercise conformity power on deviant members. On the other hand, when a few definite or rigid standards can be used to evaluate the norms of the group non-conformity is likely to increase.

Group Cohesiveness

There may be variation in group cohesiveness Group cohesiveness may be characterised by the group situation in which all members work together for a common goal, or where everyone is ready to take responsibility for group chores If group cohesion is high, the interaction between members of the group is high and the amount of agreement in group opinion is high The greater the group cohesiveness, the greater will be its influence on the behaviour of the members All members of highly cohesive groups tend to produce at a similar level In groups with low cohesiveness, a wide variation is usually present This is so because high group cohesiveness promotes high control over the level of production of the individual members and this reduces variation among those members. Group cohesion brings low personal absenteeism and high personal adjustment. More cohesive a group is, the better the group members seem to be able to withstand pressures emanating from outside. There are several forces which bring cohesion in the group.

1 *Degree of Dependency on the Group* The more highly dependent a person is on a group for some result or effect, the greater will be the group's attractiveness, and consequently greater is its cohesiveness. It has been suggested that the greater the number of individual needs a group can or does satisfy, the greater is its attractiveness and its cohesiveness.

2 *Size* Other things being equal, size has an inverse relationship with group cohesiveness This is so because group cohesiveness increases through interaction among group members. Thus larger a group becomes, the less opportunity exists for interaction among the members

3 *Homogeneity and Stable Membership* Groups whose members have different interests and backgrounds are often less effective in promoting their interests Similarly, stable relationships among members enhance group

cohesiveness This is so because the relationships have to persist a period of time to permit people to know one another, to develop common understanding of shared goals and values.

4. *Outside Pressure.* Members of groups tend to herd together stress. When there is outside pressure, personal differences of group members are minimised. This characteristic is necessary for group survival

5. *Competition.* Type of competition affects the group cohesiveness. Two classes of competition have different types of effects on group cohesion. These are intragroup competition, that is among the group members, and intergroup competition, that is competition as a whole. Competition between members of the group is usually destructive to group cohesiveness. As against this, intergroup competition brings cohesiveness in the group. Success resulting from intergroup competition increases cohesion further. However, losers in intergroup competition usually experience tensions and disruptive forces which upset relationships. If the group continues after defeat a stabilisation will return near the former level.

French has identified three types of disruptive forces on group cohesion He states that *(i)* cohesiveness declines as members or subgroups within the group tend to use different methods to accomplish the same goal. The how of accomplishment of the goal is the disruptive factor here This situation is found in competitive situations ; how to win and choice of strategy are examples. *(ii)* Differences regarding the goal or goals of the group can have an adverse effect on cohesiveness. Differences of this nature, however, are not as disruptive as differences about methods to achieve a single recognised goal *(iii)* If goals of the individual members of the group are in conflict, the cohesion of the group is lessened.[14]

Group Decision-Making

Group decision-making is an activity based on the old adage "two heads are better than one". It permits many persons simultaneously to interact and to arrive at a decision. In group decision-making, there can be either consensus among the members of the group or the decision can be arrived at through simple majority unless the group prescribes any other mode of majority. Consensus implies that all members must agree to the proposed decision, whereas majority vote implies that it is enough for the majority of the group members to agree on the decision arrived at. In any organisation, many decisions are made by individuals without taking the help of the group members while more decisions are made by group. Therefore, the question arises : what are the situations in which individual decisions should be preferred and what are the situations in which group decisions should be preferred ? Following is the analysis of situations for individual and group decisions.

1. *Nature of Problem.* If the policy guidelines are given, individual decision-making will result in greater creativity as well as more efficiency Where the problem requires a variety of expertise, group decision-making is suitable.

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14 Johan R P. French, 'The Disruptive and Cohesion of Groups,' *The Journal of Abnormal Psychology,* Nov 1961, p 361

2 *Acceptance of Decision.* Where organisational prescription makes it mandatory to go for group decision, the decision would be accepted only when it has been made by the appropriate group, for example, committee decision. In other cases also, group decision is more accepted for implementation

3 *Quality of Decision* Group decision-making generally leads to higher quality solutions unless an individual has expertise in the decision area and this is identified in advance.

4. *Climate of Decision-Making* Supportive climate encourages group problem-solving whereas competitive climate stimulates individual problem-solving

5. *Time Availability* Group decision-making is a time-consuming process and, therefore, when time at the disposal is sufficient, group decision-making can be preferred

Behaviour in Group Decision-Making

Group decisions are made through meetings where members interact among themselves and arrive at certain decisions to solve the problems at hand. In this interaction process, following behaviour is likely to emerge.

1. *Conformity to Group Norms* Every group establishes a set of norms as means for achieving its goals Over a period of time, these norms become standards of conduct accepted by members in the group. The group tries to enforce these norms by suitable reinforcement, that is a violator of the norms will be punished Thus, every member in the group decision-making process adheres to these norms

2 *Influence Processes* Notwithstanding that every member in the group is equal, some persons are able to exert more pressure on the decision-making process Therefore, decision outcomes are also a function of the influence process operating in the group. Members with higher status due to their background or expertise are likely to exert subtle pressures, manipulate, appeal to value systems, or otherwise alter the thinking and attitudes of other group members in a particular direction.

3. *Role of Leader* Often a group meeting begins with one person as leader. His task is to coordinate the group processes. In doing so, he has to perform two types of roles : task role and social role. In performing task role, the leader defines the problem or goal for the group, requests for ideas and opinions from the members, provides facts and his own ideas and opinions, clarifies the confusing situations, summarises discussions and determines whether agreement has been reached on the problem under discussion In his social role, the leader tries to restore and maintain group relationships by recognising contributions, reconciling agreements, and playing a supporting role He has to blend the ideas of a deviant member with the thoughts of other participants

4. *Useful Behaviour for Consensus* Group decisions can be made either on the basis of majority votes or by consensus. Group consensus is important when critical decisions that are made require the co-operation of group members for their successful implementation. However, group consensus is not very easy unless the group think syndrome prevails or members do not have conflicting interests Therefore, some behaviours are generally useful for

consensus decision-making. These are : *(i)* members present their position logically and listen to the comments of others carefully before pressing their own viewpoints ; *(ii)* they should not yield to others' viewpoint merely to avoid conflict specially when these viewpoints are not logical ; *(iii)* they must engage all the members of the group in discussion so that more alternatives are generated and should arrive at consensus merely to avoid time constraints; *(iv)* members should not take win-lose position and reach a stalemate but should look at successive alternatives attractive enough for all to accept ; and *(v)* they should not suppress the feelings of any member rather should explore and discuss underlying assumptions when opinions are expressed and encourage the expression of all viewpoints

Techniques for Improving Group Decision-Making

When posed with the need to solve a problem or make a decision, a group has a variety of problem-solving techniques ranging from ordinary group interaction to improved techniques. Besides ordinary group interaction, a group can choose out of four techniques for improving the quality of information exchanged by group members in decision making and facilitate interpersonal interaction. These techniques are brainstorming, nominal group technique, delphi technique, and consensus mapping.

1. *Brainstorming.* Brainstorming is a technique to stimulate idea generation for decision-making. Originally applied by Osborn in 1938 in an American company, the technique is now widely used by many companies, educational institutions, and other organisations for building ideas. Osborn has defined brainstorming simply as 'using the brain to storm the problem ' Webster Dictionary defines brainstorming as "a conference technique by which a group attempts to find a solution for a specific problem by amassing all the ideas spontaneously contributed by its members " For brainstorming, a group of 10 to 15 persons is constituted. The participants should be connected with the problem directly or closely, though they need not necessarily be from the same discipline. The process in brainstorming goes in the following ways:

(i) The problem on which decision is required is given to the group Problem is stated clearly and precisely so that members of the group can focus their direct attention on it.

(ii) Each member is asked to give ideas through which the problem can be solved. Here the emphasis is on quantity of ideas and quality may follow later. The brainstorming session is meant to be a free, frank, and relaxed one to generate maximum number of ideas irrespective of qualities. Factors inhibiting the idea generation are pushed back. The basic theme behind idea generation is that though a big chunk of ideas collected during the session may not be worth while, yet a small percentage of it may provide sufficient useful list to work upon.

(iii) The members are expected to put their ideas for problem solution without taking into consideration any limitations – financial, procedural, legal, organisational or otherwise. Such limitations only act as deterrent to free flow of ideas because the participants will limit themselves in these limitations.

(iv) Idea-evaluation is deferred to a later stage because it does not flow in the direction of idea generation Hence, any criticism, judgement, or

comment is strictly prohibited and the members are told to abstain from it. Anyone violating this, is chided gently in order to generate genial atmosphere for free flow of ideas.

Although brainstorming is useful for all types of decisions, it is more useful for simple, well-defined problems It encourages enthusiasm and a competitive spirit among members in generating ideas; it also prevents group members from feeling hopeless regarding the range of possibilities in a given situation. Though brainstorming can result in many shallow and useless ideas, it can spur members to offer new ideas as well

2. *Nominal Group Technique.* Nominal group technique (NGT) is a structured group meeting which restricts verbal communication among members during the decision-making process It is meant to resolve differences in group opinion by having individuals generate and then rank a series of ideas in the problem exploration, alternative generation, or choice-making states of group decision-making. The process in NGT goes as follows :

(i) The group leader outlines the problem requiring decision.

(ii) Each member writes down his ideas silently and independently and presents his best single idea on the problem.

(iii) When all the members write their ideas, these are presented for discussion and evaluation before the group members.

(iv) The members are asked to rank the various ideas for decision-making and the decision is arrived at on the basis of this ranking. If the group does not reach agreement, it repeats the ranking and voting procedure until the group reaches some agreement and makes a decision

The NGT is widely used in health, service, industry, education and government organisations. This technique encourages creativity, prevents strong personality types from dominating the group, encourages continued exploration of the issues, provides a forum for the expression of the minority viewpoints, and gives individuals some time to think about the issues before offering solutions

3. *Delphi Technique* The name Delphi indicates a shrine at which the ancient Greeks used to pray for information about the future. In Delphi technique of decision-making, members do not have face-to-face interaction for group decision. The decision is arrived at through written communication in the form of filling up questionnaires often through mails. In the conventional Delphi, a small group designs a questionnaire which is completed by a larger respondent group. The results are then tabulated and used in developing a revised questionnaire which is completed by the larger group. The results of the original polling are fed back to the respondent group to use in subsequent responses. This procedure is repeated until the issues are narrowed, responses are focused, or consensus is reached.

Delphi technique is quite useful where the problem does not lend itself to precise analytical techniques but can benefit from subjective judgements on a collective basis and members who may be experts in the area of the problem may not be able to have face-to-face interaction. For example, what will be the trend of fashion in next year, the decision can be arrived at through Delphi technique This technique can take the advantages of large number of

experts in the field who might be geographically separated. The quality of decision may improve as the members can express their opinions freely. They can insulate themselves from the undue influence of others because of absence of face-to-face interaction. However, this technique is quite time-consuming and, therefore, can be used only in those cases, where timing for decision-making is not of prime importance.

4. *Consensus Mapping* Consensus mapping technique of group decision-making tries to pool the ideas generated by several task subgroups to arrive at a decision. The technique begins after a task group has developed, clarified, and evaluated a list of ideas. The facilitators encourage participants to search for clusters and categories of ideas. This search for structure includes the listing and discussion of alternative clusters and categories by the entire group or subgroups, and then production of a single classification scheme by group members working as a group or in pairs or trios. Then the facilitators consolidate the different schemes developed by subgroups into a representative scheme that acts as a 'strawman map' for the entire group Group members then work to revise the strawman map into a more mutually acceptable solution. This exercise is repeated until the group as a whole arrives at a single, consolidated map and a final decision based on that.

Consensus mapping technique works best for consolidating results from several task forces or project groups and best suited for problems that are multidimensional, have interconnected elements, and many sequential steps

Positive Aspects of Group Decision-Making

Every group decision-making has some positive aspects in terms of better decision, commitment of people towards decision, better communication and commitment but at the same time, has some negative aspects in the form of time consuming and being costly, problem of outcomes, and undue pressure on conformity to norms. These aspects are presented below.

1. *Pooling of Knowledge and Information.* Since many individuals involved in group decision-making, more data and information can be brought to bear on the decision. The group provides specialised inputs in defining variables and suggests alternatives that the individual alone is unlikely to come up with. Pooling of such knowledge and information is likely to improve the quality of decisions provided group dynamic factors are positive

2. *Satisfaction and Commitment.* Individual satisfaction and commitment in group decision-making are often enhanced. This may be caused by an attitude change regarding the alternatives as a result of discussion. It may also be caused by the development of group spirit as people discover similarities among themselves. People who share in an important activity like decision-making feel more ownership than when they excluded from it. Individuals' satisfaction and commitment are important effective implementation of the decision.

3. *Personnel Development.* Group decision making is a source of development of individuals in the organisation Learning is enhanced when one observes others, practices what has been seen, and experiences the positive rewards received for successfully repeating the new behaviour These three learning factors are present in group decision-making. Individuals can learn

to know to gather data, evaluate it, generate alternatives, calculate risks, and choose the best solution by practising with others in group decisions. Thus the problem of succession in the organisation can be overcome.

4. *More Risk Taking.* Every decision involves some kind of risk because a decision affects future events and one can never be sure whether a particulars vary in terms of risk-taking aptitudes and capabilities, risk taking increases when these individuals are pooled in a group. Thus the risk taking tends to be higher in group decision-making. Higher risk taking generates in group decision making because (*i*) group is able to share information in an open environment; members become more familiar with the problem being discussed, initially they may be cautious about risk and (*ii*) if the outcome of the decision is negative, it is easy to pass the buck by individuals. Therefore, when amount of risk involved in a decision is significant, group decision-making is more appropriate.

Negative Aspects of Group Decision-Making

Group decision-making has following negative features which may either affect the quality of decision or cost of decision.

1. *Time-Consuming and Costly* Inevitably, groups take more time to reach decisions than individuals. There are several reasons for this. (*i*) More ideas and opinions are held by the group members which must be discussed for decision-making (*ii*) Arrangements for the group meeting, place, format, and assembly must be made which are time-consuming. In all these things, cost is also involved. Thus the total cost of group decision making would be cost of arrangement and cost of members' time. Therefore, group decision-making should be resorted to only when the matter cannot be decided by individuals separately.

2 *Individual Domination* Because of the group dynamics prevailing in group interaction, some individuals dominate the group processes and have considerable bearing on decision outcomes. This may be because such individuals may enjoy higher status because of their age, experience, expertise, or other influencing characteristics Thus what appears to be a group decision may actually be the individual decision ratified by the group. Domination of such persons may not necessarily improve the quality of decisions.

3. *Problem of Responsibility.* No doubt, group decision brings more commitment from members and its implementation is easier but this is true when the decision implementation outcome is positive. When this outcome is negative, no one can be held responsible A group decision is no one's decision and no one is held individually responsible for that In such a situation, groups may come out with ill-conceived or irresponsible decisions

4. *Groupthink.* Groupthink is a type of thinking that occurs when reaching agreement becomes more important to group members than arriving at a sound decision. Groupthink is more likely to happen in cohesive groups because there is pressure for conformity to group norms and members avoid being too harsh in their judgements of fellow members. They try to avoid bickering and conflict, which they perceive as a threat to the team spirit There five reasons for the happening of groupthink. (*i*) There is development

of an extraordinarily high sense of group cohesiveness. While cohesiveness is sometimes desirable, it is not desirable when a variety of opinions is as crucial as they are in decision making. (*ii*) The group isolates itself from the negative consequences which its decision may have on others outside the group. (*iii*) There may be unintentional setting of narrow constraints on the acceptability of decisions. Decisions that would affect the norms and structures of the group are unacceptable, even though the basic parameters of the decisions would be otherwise beneficial (*iv*) The feeling of high degree of competence, team spirit and agreement may mislead the group to seriously overestimate the collective wisdom and hence not a good decision (*v*) Certain members may take the role of social leader of the group and they may protect the group from any facts, criticisms, or evaluations that might alter the illusion of unanimity and infallibility.

Groupthink not necessarily results into poor decisions but it simply increases the likelihood of such a decision by limiting discussion on various alternatives, evaluation of critical facts bearing impact on decisions, and adhering to similar decisions made in the past, though faulty

Below is given the description of some types of formal groups – committee, task force, and quality circle.

COMMITTEE

Organisational committees are quite popular at different levels in the organisation However, a committee may be defined as a group of persons in an organisation for taking or recommending certain decisions. On the basis of the definition, following broad characteristics of a committee may be spelled out :

1 A committee is a group of persons ; there should be at least two persons. There is no limitation on the maximum number of persons. However, if number of persons rises above seven, communication tends to become centralised because committee members do not have adequate opportunity to communicate directly with one another.

2. A committee is charged with dealing with specific problems and it cannot go in for actions in all spheres of activities. There are strictly defined jurisdictions within which a committee is expected to justify its existence. Beyond these limited spheres, a committee is doomed to fail as an organ of action.

3. Members of the committee have authority to go into details of the problems. This authority usually is expressed in terms of one vote for each member.

4. A committee may have the authority either to take a final decision or it may merely deliberate on problems without authority to decide.

5. A committee may be constituted at any level of organisation. Moreover, the members of a committee may be drawn from various levels. Thus, there can be several types of functional committees in an organisation, such as finance committee, budget committee, purchase committee, grievance committee, welfare committee, and so on.

Group Behaviour in Committee

A committee is created to solve the problems which are normally not to

be solved by individuals. The committee decides the matter through meetings. The term meeting refers to group deliberation through which members are able to communicate face with face to each other. Thus committee meeting is a type of group behaviour. Since committee is a formal group, its process must conform to organisational prescriptions. However, all aspects of committee meeting cannot be prescribed. Moreover, many deliberations may not take place according to prescriptions. Overall group behaviour in a committee meeting can be analysed as follows :

1. *Chairman-Member Relationship* A committee may have its own structure with responsibilities and authority entrusted to every member. This is done to facilitate the working of the committee. However, all members enjoy equal authority based on one-man one-vote. The chairman (chairperson in the case of female) of the committee may be given more authority in the form of a casting vote to break deadlock and to arrive at some decision. It is the responsibility of chairman to integrate the ideas of committee members. Deliberations and discussions are held under his guidance and control. Sometimes, a committee may be leaderless and agenda and deliberations can be integrated by members themselves on self-integration basis. However, in organisational situations, this does not normally happen A committee without a chairman is not expected to work effectively.

2. *Participation* Group behaviour in committee tends to enforce participation from every member Since a person is appointed in a committee because he has to contribute something, he does this through his participation in committee meetings. Participation of members is important for arriving at some decision on a matter. When members participate in deliberations, they are likely to change some of their stands held as independent social element to relatively involve social element. This often brings mutually agreed upon decisions.

3. *Group Pressure.* Often there is considerable group pressure in committee meetings and individual members exert pressure on the ideas, suggestions, comments, and judgements of others. The group pressure is exerted because of two reasons. First, it is generally felt that very act of integrating and pooling of ideas and views within the group results in a product that is greater than the sum of individual contributions. Members are brought to conform to group thinking so that some decisions are arrived at Even if a member has high ideas than what the group can assimilate and raises the group discussion much above, he tends to fall within the line. If he is left alone for making decisions, these can be influenced by his own prejudices and committee members may not like it. Since decisions are arrived at through one man vote basis, such a person has no alternative except to accept the majority thinking Second, the more loyalty one member feels towards members of the committee, the more he tends to conform to group pressure. Therefore, the need of a member to be liked and respected makes him to work according to the general thinking of the group.

4 *Decision Process* Decision-making in committee is through the process of committee deliberations Normally group decision-making passes through three stages. First, at the initial stage, the group tries to acquire the

largest pool of common information about the facts of the situation. Second, the group tries to make inferences and evaluation of information and to form common opinions in a general way. Third, it gets around more specific suggestions and solution to the problem. After agreement is achieved on the essential facets of the situation, every member is given opportunities to express his views. At this level, there may be emotional tension in deliberations and the chairman should direct the group back to the facts and begin anew from there This returning back to the facts of the problem works as cooling effect on the members and agreement may be arrived at because members may look at the problem in a sounder way.

A question arises: Is unanimous agreement a necessary prerequisite to effective committee decision? Though some sort of unanimity is necessary, too much agreement may be as bad as too little agreement. Without agreement, a committee member can be held responsible for carrying out a decision he did not support, or which he even opposed Divided votes may also set up cleavages which disintegrate the group. On the other hand, too much unanimity may create unhealthy practice because unanimity becomes goal of the committee meeting causing a person to suppress his ideas which may be useful to the committee. This may be frustrating to committee members. Therefore, instead of unanimity, the efforts should be to reach at agreed decisions. Unless the decision is of utmost importance to the dissenter, agreement of most of the members should be sufficient. The idea should be not to involve in too long deliberations in order to arrive at unanimity for the sake of unanimity.

Reasons for Use of Committees

A committee is created to carry out responsibilities that would otherwise be given to a single individual. However, there are many situations and reasons that one individual may not have the responsibilities too heavy to carry on and instead a committee may be appointed Therefore, a committee scores over individuals because people in group interact differently than individuals. Group dynamics gives the committee certain potential advantages over individuals acting alone. Therefore, the use of committees is widespread in most of the organisations, even in most autocratic organisations. The major reasons of the use of committees are as follows :

1. *Pooling of Knowledge and Experience.* The most important advantage in using committees is that knowledge and experience can be pooled together and decisions can be arrived at through group deliberation and judgement. A committee works on the theme that 'two heads are better than one'. A group of people can bring to bear a greater variety of opinion, a more thorough probing of the problem and its facts, and a more diverse training in specialised aspects. Therefore, committees can be used specially for solving those problems which do not fall within the jurisdiction of a single function or division. Normally very few organisational problems fall entirely into a single area; normally they require the use of expertise of individuals with different backgrounds.

2. *Facility for Coordination.* Committees are very useful for coordinating activities among various organisational units. When it is necessary to integrate

and unify various viewpoints which cannot conveniently and effectively be coordinated by individuals, the committee may be useful in bringing all those concerned together. A committee is specially useful for coordinating, planning and execution of programmes In modern large organisations, it is too difficult to coordinate every activity, every subordinate plan, and every expenditure. A committee can bring all these together. It permits the individuals not only to obtain first hand a picture of overall plans and of their place in them but also to contribute suggestions on the spot for improvement of plans Thus, the committee provides the opportunity for reaching agreement on the steps of coordination

3 *Representation of Interested Groups.* Committees are often used to give representation to various interested groups Such types of committees are quite popular in government, educational and other institutions where people from diversified groups should have their say in the functioning of the organisation. Even in business organisations, such committees may be set up, for example, board of directors, grievance committee, welfare committee, and so on The representation of various groups may ensure that these groups will feel a sense of loyalty and commitment to the decisions reached.

4. *Fear of too much Authority in a Single Person.* Sometimes committees are constituted to avoid the concentration of too much authority in a single individual This problem is more prominent in government and educational organisations and less in business organisations. In order to provide safeguards and checks against the misuse of too much authority, the line authority for certain actions can be delegated to a committee rather than to an individual. Board of directors is appointed to check the excessive use of authority by the chief executive Similarly, in the case of internal operations, such a committee may be appointed where misuse of authority may be prominent For example, bonus committees often result from such reason, and major financial and capital investment policies are developed by committees, partly because of unwillingness to trust a single individual with complete authority to make such important decisions.

5. *Consolidation of Authority* A committee can be used to consolidate splintered authority. A manager of a department or of a section may have only limited amount of authority necessary to accomplish a programme Therefore, the manager cannot solve a problem without simultaneous exercise of authority by other managers related to the problem. In such a case, either the problem may be referred to upward for a decision or it may be assigned to a committee with membership of all managers related with the problem and the problem can be solved without referring it upward. The solution of problem through committee is possible because it has been able to consolidate the splintered authority. However, frequent consolidation of authority through committees is not a good sign for sound organisational structure.

6 *Transmission and Sharing of Information.* Committees are useful for transmission and sharing of information. All parties and persons interested in a problem have simultaneous face-to-face communication through the proceedings of committee meetings Doubts and ambiguity may be removed at the spot. This saves lot of time in communication. The spoken word, with

the possibilities for overtones and emphasis and the opportunities for clarification, may carry its point better than even carefully written communication. Moreover, some objectives and policies of the organisation may not precisely be stated in writing and these can be communicated effectively through committee meetings.

7. *Motivation through Participation.* People do better when they participate in decisions affecting their working because when they participate in decision-making, they accept and live with that decision, they feel committed to the decision This feeling of involvement and commitment motivates them for better performance. Committees permit wider participation of persons related to a particular problem However, the use of committees to motivate people to get decisions or programmes accepted requires skilful handling of committee meetings otherwise they may bring worse results.

8 *A Tool of Management Development* A committee can be used as a tool of management development like many other tools. A manager can be developed through learning from experience. While experience of a manager on his job may restrict him to know about his job only, committees may widen his knowledge and he can learn how his job is related with others, in what way it affects others and is affected by others Such types of learning enables him to take an integrated view of solving various problems faced by him

9. *Avoidance of Action* A committee can be used to avoid action on a problem being faced by the manager. He may not like to take action but he may not be in a position to avoid action also. Therefore, he can find out the best solution to refer the matter to committee. Thus a committee can be used to cool off agitation and temper on the part of affected people. It can be used as means to overcome resistance, pressure, or opposition from parties involved in an issue. Such committees are more prominent in government and other organisations run through democratic process. Even in business organisations too, such a committee can be appointed to avoid actions, for example, solving problems faced by workers.

Problems in Committees

No doubt, committees have various contributions to make in the organisation, but excessive use of committees or lack of proper utilisation of committees may be dysfunctional because they have various drawbacks and limitations too. There are various remarks which reflect the uselessness of committees in the organisation such as 'a committee is made up of the unfits selected by the unwilling to do the unnecessary', or 'a committee is a place where the loneliness of thought is replaced by the togetherness of nothingness' Though these may be excessive criticisms of committee system, these may prove to be correct if committees are not handled properly. In general, following are the problems with committees :

1. *High Cost.* Constitution of a committee may be costly both in terms of time and money. Committee meetings may take time of various managers which can be spent otherwise for the organisation. If the decisions are arrived at very quickly, it shows mere formality of holding meeting without any contributions from the members. On the other hand, if unanimity or near-unanimity is expected to arrive at decisions, much time is spent in lengthy deliberations many times, which may be useless. Similarly, committee

meetings also involve costs, both direct and indirect Direct cost may be in the form of travelling and other expenses incurred on members if they come from far off places. Indirect cost may be in the form of regular salary and other financial benefits paid to the members for their jobs but they have to spend time in attending the meetings This cost in time and money becomes all the more disadvantageous when the committee is assigned a problem that could be solved by a single individual or by an individual with the help of a smaller and lesser paid staff Thus the advantages of the committee must be seen against the costs involved

2 *Slow Decisions* Committee decisions are essentially slow because of the basic nature of decision-making process in a committee In a group decision-making, all members to consider a problem must be informed about it This may require staff work to prepare a report giving members the basic facts It may take time. Similarly, in the meeting, deliberations take lot of time. Each member is expected to be heard, and only one person can talk at a time. The net result is that it takes longer time to get a decision from a committee than from an individual Therefore, the matter which requires urgent action or which does not involve many functions should not be entrusted to the committee.

3 *Indecision* Many times, committee meetings result into indecision. The meetings may be adjourned because of lack of time for thorough deliberations so that agreement can be arrived at Thus there can be deadlock on the matter and no action can be taken. Further, agreement is reached on the basis of compromise Most often this is not as strong and positive a course of action as that undertaken by an individual who has only to consider the facts as he sees them and reach a conclusion Thus there is levelling effect in committee deliberations in which high premium is placed on conformity and compromise. This tendency of bringing individual thinking in line with the average quality of the group thinking is called the levelling effect. Its impact is that a committee decision is not the best decision but merely an agreed decision which may not be better than individual decision

4 *Minority Tyranny* Sometimes in committee meeting, the minority may put undue pressure on majority specially when the practice is to arrive at a decision through unanimity and not through agreement. Minority members are in a strong position in such a situation. By insistence upon acceptance of their position, they can exercise an unwarranted tyranny over the majority. Had there not been a practice of unanimity, perhaps the same members cannot put that kind of pressure because they do not have the veto power. As against this, majority can also put pressure on minority to force it to arrive at the decision if it is through agreement. As minority needs to be heard and respected, so does the majority.

5. *Splitting of Responsibility* People work more efficiently when they have clear authority and responsibility. In taking a group decision, an individual member of the group feels a lower degree of responsibility than if the decision had to be taken by himself A major drawback in committee decision is that it splits the responsibility and no member really feels responsible for group action Committee decisions provide opportunity to individuals to shirk their

responsibility. They hardly feel the same kind of responsibility that they would feel if they were charged personally with the same task. It is very true for the committee action that "actions which are several bodies' responsibility are no body's responsibility"

6. *Misuse of Committees* There are possibilities of committees being misused This may happen in several ways·

(*i*) Some people may develop too much interest in group working and they virtually worship group. In such cases, too many committees are constituted even for small purposes Such committees do not serve any purpose but waste organisation's resources and time.

(*ii*) As discussed earlier, committees may be appointed to aovid action and aggrieved persons remain aggrieved for a very long time In such cases, persons cannot claim that no action has been taken over the matter of their grievances

(*iii*) Many managers try to impose their own personal decisions through committees They make their own decisions and only get the approval of the committees so that in the organisation, decisions are supposed to be made by committees while in actual practice, decisions are their own Such a practice creates adverse feelings in the organisation which may be dysfunctional.

Measures for Making Committees Effective

A perusal of plus and minus points of committees suggests that the advantages of committees score over the disadvantages. A further scrutiny of problems of committees shows that many of the problems arise because of improper use of committees. Therefore, there may not be question to replace the committees but question may be how to make committees more effective so as to take maximum benefits from them Use of committees in all types of organisations will continue to increase because of their inherent advantages Therefore, some actions should be taken to make them more effective and action-oriented. Following are some of the measures in this direction :

1. *Appropriate Size* The size of a committee should be appropriate so that some meaningful action can be taken without wasting time But the question is : What is the appropriate size of a committee? In fact, there cannot be any fixed number as appropriate size. Experts vary over the ideal number of members in a committee. For example, Allen has suggested five or six as ideal number while Dale has suggested this number between five and nine [15] The number of members in a committee should be determined on the basis of such qualitative factors as purpose of committee and personalities and participation qualities of members The basic idea should be to promote deliberations and to include breadth of expertise required for the committee. In case a committee's size has to be increased beyond manageable size because representation has to be given to various groups, sub-committees should be constituted with the problems to be considered broken down for their action

2. *Selection of Members* Quite closely related with the problem of fixing

15 Lous A. Allen, *Management and Organisation,* New York McGraw-Hill, 1958, and Earnest Dale, *Management Theory and Practice,* New York. McGraw-Hill, 1968

number of members in a committee is the problem of selection of members for the committee. Selection of members in a committee requires judgement about the personal characteristics of members, their functional background, level in the organisation, and deliberation ability. The basic objective in this case should be to achieve meaningful deliberation in committee meetings so that fruitful actions are taken by the committee Normally, higher is the degree of similarity among members' personal characteristics, higher is the degree of effective deliberations Committees which include members from three or more levels are unlikely to function effectively because members from lower levels may hesitate to participate freely. Committees are likely to function better and to arrive at some agreement without compromise if members are friendly, known to each other, and mutually respectful to one another

3. *Well-Defined Authority and Scope* There should be well-defined authority given to a committee Similarly, its scope should be clearly specified The authority can be defined whether the committee is responsible for decisions, recommendations for some actions, or mere deliberations for providing better insights of a problems Similarly, the terms of reference, or the subject-matter should be clear to members of the committee so that they know on what exactly they have to work. As far as possible, these things should be made clear through writing so that there is almost no scope of ambiguity.

4. *Nature of Subject-Matter.* There should be careful selection of subject-matter to be entrusted to the committee Committee work should be limited to subject-matter that can be handled in group discussion Certain kind of work can be handled more effectively by a committee while others can be done better by individuals For example, a committee can be more useful for establishing major objectives and policies, overall review of past performance, coordination of work, and decision of jurisdictional disputes. A committee can also work better to take up the matter requiring the use of resources under the control of more than one department. On the other hand, performance of a specific management function, research and study, etc , can be better performed by individuals. Thus, such matter should not be assigned to the committee.

5 *Effective Chairman.* The success of a committee largely depends on the skills and motivation of its chairman A good chairman can aovid many of the wastages and drawbacks of committees by planning the meeting, preparing the agenda, ensuring that results of preliminary activities are available to the members well ahead of meeting, arranging definite proposals for discussion or action, and conducting the meeting efficiently A chairman has dual role to play. He has to work as task leader as well as social leader. The task leader contributes most to achievement of task, but difficulty arises because in doing so, he tends to irritate members and injure the unity of the group It is the social leader's role that maintains unity of group and provides satisfaction to members. Therefore, the chairman has to bring both the roles into one to make committee's working more effective Apart from his skills, the person working as chairman should be adequately motivated to discharge the responsibility of his new assignment.

6. *Logical Procedure for Conducting Meetings* Though it is the chairman who is responsible for successful operation of committee meetings, to conduct meetings of the committee he can do better if he follows certain guidelines for orderly and meaningful conduct of meetings In this context, Allen has given certain logical procedure to conduct meetings. The various activities in a sequence required are · analysis of the problem in terms of what caused it, suggested alternative solutions, group discussion on various alternatives for the solution of the problem, and finally integrating opinions expressed by members so as to arrive at agreed decisions The important factor in this is that group thinks together on each step of the sequence This builds up the necessary background and brings logical decision possible.

7. *Circulation of Minutes and Checking Conclusions* Though use of committee allows a group of people to participate in the discussion or solution of a problem and to be informed simultaneously, they may have different interpretation of recommendations or decisions To avoid this, minutes of the meeting should be recorded carefully, circulated for information to committee members, correction or modification if needed, and action taken on recommendations should also be communicated Many committees confirm the minutes of the previous meeting in the meeting on hand This saves time taken in follow-up action. However, where the next meeting is unlikely to be held, or to be held after a considerable lapse of time but the matter is important, confirmation of minutes should be through circulation to save time

8. *Cost Consideration* Ideally speaking, any organisational action must be worth its cost Organisational committees are no exception to this Each committee contributes something to the organisation, but it also involves costs Therefore, in measuring the success of committee operation, one must continually question whether the committee's benefits are worth its cost Though the contributions of a committee are difficult to measure because there are so many intangible benefits from committee like morale building, teamwork, enhancement of status, and training to personnel, some yardsticks can be developed to measusre even these besides measuring tangible benefits of the committee For example, many periodic surveys and reviews will disclose the extent to which committees are contributing to these factors Similarly, the tangible contributions can be measured in terms of solution of problems referred to committees The overall guiding factor in determining the constitution of a committee or its abolition is that the committee can be justified only if the costs are definitely offset by its tangible and intangible benefits

TASK FORCE

Task force is somewhat related to committee, particularly *ad hoc* one, but distinct from it It is like *ad hoc* committee because it is usually temporary, but differs because it has broader powers of action and decision, as well as responsibilities for investigation, planning, research, and analysis A task force is made up of a group of people with different background who are assigned a specific task or mission Since the tenure of a task force is over when the task or mission is over, usually membership in the task group is temporary.

each person remains part of it only so long as his skills and knowledge are required and task force continues The task force also differs from a matrix organisation in the sense that the latter appears almost on continuous basis and personnel are assigned tasks in different projects at different periods of time. A task force is constituted when the organisation faces some unusual problem which cannot be solved by a single individual or by a single department. Such task forces are quite usual in government to fight drought or flood, to eradicate some non-recurring disease, or tackle specific administrative problems In business organisations too, task forces may be constituted to develop and launch a new product, to select a new project, or to negotiate certain terms and conditions, etc

The essential feature of a task force is that it is a temporary creation of a separate unit in the organisation to take up a task which is (*i*) quite new to the organisation, (*ii*) which cannot be solved by a single individual or department, (*iii*) the tenure of which may not be very long. In such a case, a temporary group is constituted with personnel drawn from several departments depending on the need of skills and experience. They are on the full-time basis in the task force. When the work of task force is over, they return back to their original department. A task leader is also appointed to coordinate the activities of the task force However, task force boundaries are not defined by its immediate hierarchical structure because the leader is not the boss of people working with the task force.

Reasons for the Use of Task Force

The concept of task force emerged during the period of Second World War when armies faced the unusual problems of combating the opposite armies Since the War lasted for several years, there were many developments in war tactics, particularly the development of weapons, espionage of opposite armies, etc All these tasks were carried through the task forces The concept of task force was later applied to civil and business organisations as these organisations also faced the problems of similar nature, that is, problems requiring the attention of people with different backgrounds on a temporary basis Thus, in modern organisations, task force is usually suitable when the organisations are facing certain unusual problem which is of non-recurring nature The main advantages of using task force in such a case are as follows.

1 By task force, executives with special skills may pool their talents to focus on a problem with an intensity not possible for them while carrying their regular position requirements. They become free from the limitations of departmentally-oriented thinking and have the opportunity to think about the problem concerned as a whole.

2 Task force provides unusual training ground for the executives who are assigned tasks. They work in a different environment and job requirement is also different Therefore, they can enlarge their understanding of working

3 Task force is able to release the creative energies not channeled by the regular system of hierachical authority and communication It is to be noted that authority and communication in task force are highly unstructured and provide more stimulus for innovative thinking

4. It is temporary measurement for solving unusual problems and, therefore, does not put pressure on the organisation for the long run unlike other departments Functional departments or divisions, once created, have to be maintained even though they may not be required because they become a sort of permanent things in the organisation This is why more and more organisations are using task forces for solving unusual problems.

Problems in Task Force

Though task force can solve unusual problems, it may create many more problems in the organisation, particularly if it is not handled properly The major problems of task are as follows:

1. Task forces are potentially disturbing to an ongoing organisation. Departmental heads have to give the services of their subordinates for the work which may not have direct bearing on the working of their own departments. Thus they are reluctant to part with the services of their key men.

2 The creation of task force may not be looked favourably by those who are not selected for it Generally there is a feeling that those who are taken for task force are perceived to be more qualified, and after the work of task force is over, they will be promoted. This type of feeling may have demoralising effect

3 Creation of task forces tends to create feelings of independence and loose attachment to the formal organisation This arrangement may make the supervision work of departmental heads more difficult who must have developed the habit of building a close-knit unit of loyal men in a team

Most of the problems enumerated above are mostly operational and can be overcome through effective creation and working of task forces Many of the misgivings can be avoided by explicit declaration of the intention and objectives of task forces and the basis of selection of personnel and treatment of personnel after the task force is abolished It can be taken to solve only unusual problems and should not be created unnecessarily in the organisation

QUALITY CIRCLE

The concept of quality circle (QC) has entered in Indian organisations only very recently but the concept is catching the attention of many organisations. Many companies have tried out quality circles Some have succeeded, others have had to abort half way and some others have just introduced it and are in the experimenting stage The concept of QC has emerged from quality control. Comprehensive quality control is the effort of an organisation to develop, design, manufacture, inspect, market and service products that will satisfy the customers at the time of purchase and give them satisfaction for a long time after purchase. In Western countries, this was attempted to achieve through quality control department though the result was not satisfactory to the maximum possible extent As against this, Japanese system of management integrated quality control with manufacturing department which gave rise to the idea of quality control circle or simply quality circle (QC)

Concept of Quality Circle

Quality circle is a group of employees that meets regularly to solve problems affecting its work area This group carries on continuously as part of organisation-wise control activities self-development and mutual development, and control and improvement within the workplace utilising

quality control techniques with all the members participating Generally six to twelve volunteers from the same work area make up the circle The members receive training in problem solving, statistical quality control, and group process QC generally recommends solutions for quality and productivity problems which may be implemented by management Thus QC is not merely a suggestions system or quality control group but extends beyond that because its activities are more comprehensive Further, it is not a task force because it can be made a permanent feature of the organisation

Objectives of Quality Circle

Today's concept of quality is "Fitness for Use" and the methodology adopted is defect prevention rather than inspection and rejection Hence, the attitudes of the people towards work affect the quality of end products One of the important tools for bringing about attitudinal change is QC – an approach which brings about participation as well as team work. The basic philosophy and methodology of QC provides opportunity and forum to realise and satisfy people's needs at the workplace Thus it motivates people to contribute towards organisational effectiveness through group processes It may be mentioned that the scope of QC is not limited to manufacturing organisations only but is extended to other organisations like banking, insurance, finance also. The basic idea behind QC is as follows:

(*i*) Contributions to the improvement and development of the organisation,

(*ii*) Respect humanity and build a happy workplace worthwhile to work, and

(*iii*) Display human capabilities fully and eventually draw out infinite possiblities.

Thus QC ensures harmony in the organisation, effective team work, problem-solving capacity, self-discipline, better interpersonal and group relations, better communication, participation, job satisfaction, and finally productivity and consequently organisational effectiveness

Developing a Quality Circle

Usually a QC system in an organisation can be developed by going through the following phases:

1. *Start-up Phase.* QC requires an attempt just like an organisational change programme. An organisational change programme can be made successful when people are convinced about the utility of the change. Therefore, the first thing that should be done in developing QC is to publicise the concept of QC in the organisation People should understand the implications of QC This is necessary because participation in QC is voluntary Initial training to some personnel should be provided to operate QC system in the organisation.

2 *Constitution of QC.* QCs may be constituted at different workplaces in the organisation Members of a QC are from the same work area or doing similar type of work. They are drawn voluntarily Once a QC is formed, they remain as permanent members of the circle unless they leave the work area

Besides QC at various workplaces, there may be steering committee, facilitator and coordinator Steering committee is an apex body at the highest

level of the unit/division which oversees the functioning of QCs in the unit/division and serves as advisory body. Facilitator is usually a manager of the shop/department/section and is responsible for guiding and directing the activities of the QCs in his area, enthuse other executives to get involved in supporting QC activities. The basic responsibility of coordinator is to coordinate the activities of QCs on behalf of the management and to carry out such activities as would make the operation of QCs smooth, effective, and self-sustained

3 *Initial Problem Solving* Once people in the circle are trained and officially sanctioned, they turn to problem solving This involves three stages data collection, data analysis, and problem solving Data collection is carried on through various ways like past records, contacting employees, and self-suggestions Data analysis tries to establish the basic reasons for a particular problem or problems on hand Problem-solving at the initial stage involves participation of various members of the QC on regular basis Methods used for solving the problems may be brainstorming Various suggestions put forward by members are analysed subsequently and final decisions are taken through consensus

4. *Presentation and Approval of Suggestions* When the QC members get ready to show their solution of a problem, they present it before the management Presentation to management may be in the form of oral presentation by the members, preparation of the project report, or group assignments in project presentation Presentation to management helps to improve the communication between management and workers, demonstrates management's involvement and interest to QC members, and fosters good working relationship among all the people It also offers opportunity to recognise the QC members' efforts

5 *Implementation* A final phase may be implementation of suggestions For this purpose, relevant groups may be assigned activities depending on the nature of suggestion. If the suggestion involves only one workplace without affecting others, the implementation can be undertaken directly at that workplace. However, if it involves others also, it may be assigned to a group.

Once this process is over, QCs may be organised for other departments Thus through this process, entire organisation can have QCs.

Pitfalls in QC and Their Remedies

No doubt, QC concept has many positive points but it has failed miserably in many organisations and they had to abandon the scheme midway. In fact, many problems come up in the way and unless sufficient safeguards are taken against these, QC's efforts are unlikely to succeed Following are some major problems of QC operations and their suggested remedies.

1. The first basic problem in QC is the absence of right type of attitudes both among managers as well as among workers Managers, particularly at middle level, may feel that QCs dilute their authority and importance, QCs make superiors to find faults with executives for not finding solutions to the problems earlier; QCs are meaningless. Similarly, workers may feel that QCs are meant to improve organisational efficiency without really benefiting

them, QCs may dilute their power and opportunities for bargaining This problem can be solved by giving appropriate counselling to managers as well as to workers about the real concept and contributions of QC In fact, most of the problems with new concepts come because of misunderstanding of the concepts QC is no exception to that

2 There is problem of organising QCs in Indian context because of low profile of workers in the form of their low level education and lack of leadership abilities. This may affect the operation of QCs successfully. This problem can be overcome by proper training to workers and also the leaders of QCs

3 Delay in implementation of suggestions given by QCs may affect the operation of QCs Management can take effective steps to implement the suggestions at earliest opportunity In case, where suggestions cannot be implemented at all or can be postponed for the time being, it must be communicated with convincing reasons to the members of the QC

4 Non-members of QCs may sometimes pose problems to the operation and functioning of QC This problem can be solved by making them to witness the QC activities like presentation of solutions to management This way they can be enthused to join either a particular QC or volunteer them to start new ones at their workplace

5 There may be some operational problems like members not being permitted to hold meetings during office time, irregularity of meetings, facilitator not attending meetings even for brief period, etc Such problems can be overcome by providing adequate support from the top management to facilitate operation of QCs, creation of QCs throughout the organisation, denoting a day and time on which meetings are held every week. Similarly, regular meetings of steering committees, coordination committees should also be held

Thus it can be seen that there are many problems in QCs but most of these problems can be overcome with the active support of top management and by creating a suitable work environment in the organisation where management and workers co-operate with each other. After all, both these groups are going to get benefits of QCs in the long run

INTERGROUP BEHAVIOUR

An organisation consists of many groups created formally or informally. Since the organisation is a system, these groups cannot remain independent Rather, each group depends on others for raw materials, resources, information, or assistance in performing a task Thus, there is interdependence among groups Higher the level of exchange of resources among groups, higher would be the degree of interdependence This nature of such interdependence varies in different relationships and can be classified into four categories.

1. *Pooled Interdependence* Groups that rely on each other only because they belong to the same parent organisation have pooled interdependence, for example, manufacturing divisions having independent products Such groups may have limited interactions except that they compete for the allocation of limited resources

2 *Sequential Interdependence* Sequential interdependence occurs when

one group's operations precede and act as prerequisite for the second group's, for example, assembly line departments In this relationship, the second group in sequence may experience difficulty in accomplishing its tasks if it does not interact effectively with its predecessor. Where collaborative relations do not exist between these groups, conflict and sabotage may occur

3 *Reciprocal Interdependence* Groups where the operations of each precede and act as prerequisites to the functioning of the other have reciprocal relationship, such as union and management relationship where both depend on each other. Because each group relies on the other to perform its own job effectively, any problems between them may result in reduced productivity or decreased satisfaction

4. *Team Interdependence* Where multiple groups interact, reciprocal interdependencies may be multiplied In this case, each group's operations precede and act as prerequisites for every other group's operations when their functioning is considered over time, for example, various departments like sales, advertising, market research in marketing division Groups with team interdependence have the greatest potential for conflict and the highest requirements of coordination and integration

These interdependencies will affect the nature of intergroup interaction In these interdependencies, the quality of intergroup behaviour will be affected by the perceptual similarities and differences among the groups and power differences among groups Based on these, groups may tend to have two types of interaction : intergroup openness and co-operation or intergroup closure and competition.

Intergroup Openness and Co-operation

Being organisational groups, each of them must co-operate with others to achieve organisational objectives However, the nature of interdependencies and associated factors may not work favourably for co-operation. Therefore, the major problem of groups in organisation is how to make them effective in fulfilling both organisational goals and the needs of their members and to establish conditions between groups which will enhance the productivity without destroying intergroup relations and coordination The managers have to create conditions for co-operative relationships among groups. A co-operative relationship does not mean absence of competition because groups may not compete with each other but still they cannot be co-operative ; they may be just indifferent and unco-operative Some of the major conditions necessary for group co-operation are superordinate goals, lateral communication, suitable structural arrangement These factors have been discussed in the chapter Organisational Conflict.

Intergroup Closure and Competition

Intergroup competition is dysfunctional for the organisation In the case of intergroup competition, following situations arise :

1 Each group begins to see other groups as the enemy, rather than merely a neutral object

2 Each group is likely to experience distortions of perception, that is, it perceives the best part of itself, denying its weaknesses and only the worst part of the other denying its strengths

3. Hostility towards the other group increases while interaction and communication decreases

4. If the groups are forced for interaction, each tries to protect its own viewpoints finding faults with the other.

Such a situation is not desirable from organisation's point of view as the productivity of the groups will be adversely affected and consequently the organisational effectiveness Therefore, managers have to take suitable actions to overcome these problems Some of the actions suitable for the purpose are suitable change in organisational arrangements, reference to superordinate goals and conflict-resolution actions (details in chapter Organisational Conflict)

DISCUSSION QUESTIONS

1 What is group dynamics ? Why is it important for understanding organisational behaviour ?

2 'The actual processes of interaction among the individuals represented in the formal plan cannot adequately be described solely in terms of its planned lines of interaction ' Elucidate this statement

3 'Beneath the cloak of formal relationships in every institution there exists a more complex system of social relationships called the informal organisation Discuss the nature and significance of informal organisation in the light of this statement

4 Why do we need informal organisations ? What are their characteristics ? How do informal organisations affect the functioning of formal organisation ?

5 Discuss the nature of group dynamics which prevail in informal organisation and its impact on the effectiveness of the organisation as a whole

6 How does the influence of membership in an informal group affect the attainment of organisational objectives ?

7 Explain how people as members influence the form and functioning of organisations and how organisations, in turn, influence individuals

8 What is the significance of informal organisation to formal organisation ? In what way can management make the most effective use of informal organisation ?

9 'Informal organisation is detrimental to the interests of formal organisation and therefore, it is an evil to be nipped in the bud itself ' Comment on this statement and explain how management should handle informal groups

10 Discuss the situations under which group decision-making is better than individual decision making Suggest some measures to improve group decision-making

11 Discuss the nature of group behaviour that prevails in a committee

12 ' Despite their shortcomings, committees are important device for management Critically examine the validity of this statement and state the prerequisites for successful use of committees

13 What are the features of a task force? Discuss the benefits and limitations of task force

14 What do you mean by Quality Circle ? What are the general problems in Quality Circles ? Suggest measures to overcome these problems

15 Discuss the nature of intergroup dependence What are the behaviour patterns that emerge because of this intergroup dependence ?

13

Power, Authority and Politics

Theme

- To understand the various implications of behavioural control so that people adopt behaviour for achieving organisational objectives
- To understand how far behaviour can be influenced by power and authority
- To understand political behaviour in the organisation
- To understand the various means for affecting human behaviour in the organisation
- To identify how power and authority work in the organisation

Organisations are built by the aggregation of people and in order to achieve organisational objectives, the people should behave in a manner specified by the organisational rules, regulations, policies, and other methods Organisations try to regulate the behaviour of their members through the process of control. Control is the process of obtaining congruence between the desired and actual state of the organisation. It can be taken at any stage, either at the individual level, or organisational level depending upon the requirement. Normally a person controls the behaviour of other persons through the process of influence which involves a series of social interactions by which a person or group is induced by another person or group to act in conformance to the influencing agent's expectations to do something other than what would be done ordinarily. Thus it includes three elements · *(i)* The agent (O) exerting influence, *(ii)* the method of influence (----) and *(iii)* agent (P) subjected to influence. The process can briefly be expressed as O------P. Thus if O is able to get P to behave in certain ways, it is said that O has influenced P. However, every influence attempt may not be successful in producing the intended effect because the influence is dependent on various factors.

A distinction should be made between 'control' and 'controls', which is not a plural form of control Control sets the direction. deals with expectations of behaviour and performance, and is normative It deals with what ought to be. Controls, on the other hand, deal with measurement, information, analysis, and operation. Thus these are concerned with the factual situations of the past which become the basis for future control. These deal with the various techniques of control, like budgetary control, accounting control, and so on. Thus controls are means for control which is the end.

Need for Control

The success of an organisation is largely determined on its ability to

maintain control of its participants Though all social units need control, the problem of control of behaviour in social organisations is specially acute In natural social units, such as family, community, etc , members have natural obligations to carry on the activities of the units Thus there is in-built control mechanism in such units This is not true with organisations Organisations are deliberate and purposive creations ; they are quite concerned with the achievement of the objectives for which they are established However, the artificial creation characteristic of the organisations does not ensure that their members will automatically contribute to the organisational objective by internalising the organisational obligations Thus organisations have to devise ways and means to achieve conformity of members' behaviour to certain specified standard

In devising ways and means for controlling organisational behaviour, an attempt should be made that control aims at performance achievement, maintains a system of reward and reinforcement, and meets the organisational and individual needs

1 *Control and Performance* In controlling the human behaviour in an organisation, it should be emphasised that control guarantees the performance which has been set It suggests that for control, some performance standard is required This is the desired behaviour of a member which is reflected in the performance whatever the measurement criteria have been used For example, if a person is required to produce 100 units of a product in eight hours, his desired behaviour from the organisational point of view will be the production of this much of units The control must focus on this Its implication is that the standard behaviour must be clear to both the controlling agent (O) and the person being controlled (P)

2 *Reward and Reinforcement* Organisations are required to establish formal reward and punishment system and the reinforcements to support compliance of member's behaviour with the norms, regulations, and orders. The organisations must distribute their rewards and punishments according to performance so that those whose performance is in line with the organisational norms are rewarded and those whose performance deviates from it are penalised. Further, in order to induce continuously for desirable behaviour, members' desirable behaviour must be reinforced positively. It suggests that members must know the outcome of a behaviour in terms of the reinforcement that is available, as discussed in Chapter 5. The matching of performance and reward is necessary to obtain effective control because organisational participants may feel that what they get or lose depends upon the performance which they put in the organisation Abegglen observes that the dispensation of part of the rewards by the organisations without regard to performances is more common in the less modern parts of the country than in the more advanced ones, and in less developed than in more developed countries; it is one of the reasons why organisational control is less effective in less developed countries.[1]

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1 J C Abegglen, *The Japanese Factory Aspects of its Social Organisation*, Glencoe, Ill The Free Press, 1958

3. *Organisational Needs.* To be most effective, any control should fit in the organisational needs. The organisation requires every member to behave according to its prescription. For this purpose, the organisation devises the structure, prescribes the role for each individual, and provides the standard for evaluating behaviour. Thus every member is given fixed responsibility for contributing towards organisational objectives. The managerial action of control should reflect such organisational needs It must also reflect organisational pattern by focusing attention on positions in the organisation structure through which corrective action is taken. Organisation structure, a principal vehicle for coordinating the work of the people, is also a major means of maintaining control. Thus, in every area of control, it is not enough to know what things are going wrong unless it is known where in the organisation structure the deviations are occurring. This enables the managers to fix up the responsibility and to take corrective action.

4. *Individual Needs.* The control of behaviour should not be taken as something putting pressure on the individuals, rather it should aim at fulfilling their needs simultaneously. Though individuals may be satisfied by contributing maximum to the organisational objectives as the work performance itself is a source of satisfaction, they should have commensurate rewards. The matching of rewards and performance, as discussed earlier, is essential for control to work. In many cases, however, the control is taken in positive sense by the individuals. As will be discussed later, there are many behavioural implications of control. If attempt is not made to integrate control with individual motivational pattern, there are more chances for developing alienation and frustration among individuals. The control of behaviour may tend to deprive the people in the organisation of their important need – need for powerfulness and sense of worthwhile accomplishment. Thus control should aim at motivating people by fulfilling their needs.

Behavioural Implications of Control

Though control should aim at satisfying the needs of the members of the organisation, it is often taken otherwise by them. This may be either because of the adverse real impact of control on them or because of misperception of the impact of control. Thus, while designing the control system, it must be kept in mind that almost everybody in the organisation not only resents the idea of being controlled but also objects to being evaluated. It means the results of the control may not be same as anticipated by those who are exercising control. The major behavioural problems of control can be analysed by taking the nature of control, perception of those who are being controlled, and action taken by them.

1. Nature of Control

Control often puts pressure for engaging in desirable behaviour by those who are subject to control. The basic question is · will they not behave in desirable way if there is no control ? Though opinions may differ on this question, often it is recognised that people engage in that behaviour which provides them satisfaction whether control or no control. It means if the organisational process is in tune with the needs of the organisational participants, they can perform well in the absence of control and not in the

presence of control Behavioural scientists have concluded that people try to be self-actualised but the basic problem which comes in the way is provided by the organisation itself They are inherently self-motivated. For example, McGregor believes that more people behave according to the assumptions of Theory Y as compared to Theory X In such a case, if their behaviour is controlled, it may be counter-productive for the organisation. The results may be against the organisational interests. Thus, the basic nature of control itself is against the very basic nature of the people. However, this is not true in all the cases Many people may still behave according to the assumptions of Theory X and they need rigid control. In fact the best control system may be one which focuses attention on the individual needs also, as discussed earlier, otherwise it will provide more behavioural problems and may be detrimental to the organisation itself

2. Perception of People

Another behavioural implication of control is the perception of people who are being controlled Though perception may be that control is against the nature of people, it is further aggravated by the fact that people perceive it to be for benefit of the organisation but against them Thus perception may be right or otherwise, that control if brings better result, is shared by organisation alone whereas it may be brought by the organisational members. The control in most of the cases is used as a pressure tactic for increasing performance. This is true also because people may produce more if they are aware that their performance is being evaluated. However, increased performance is also determined by several other factors, most important of them being how it is shared between the organisation and its members. Thus, if they have positive perception about this aspect also, they will engage in higher performance. In an alternative case, they will take certain actions to thwart the control action

There is another implication of the people's perception about control The manager may develop some plan for control, but there are many unplanned controls also necessitated by the organisational requirements Thus unplanned control is also the part of the organisational control It is this unplanned control that has more serious repercussion and is more counter-productive The participants may feel that it is due to improper planning on the part of management Thus, they are controlled not because of their own shortcomings but for the shortcomings of others Naturally, this may be more serious for those who are being controlled

3. Actions by Participants

Control attempt is resisted by participants in most of the cases They will try to escape from the purview of control and may take several actions : (*i*) they may try to bring behaviour which is satisfying to them but not necessarily satisfying to the organisation ; (*ii*) they may engage in a behaviour which may appear to be in conformity with organisational requirements but actually it is not , and (*iii*) if these are not possible they may try to engage in behaviour as required by the organisation

In the first case, people may try to overcome the pressure from control through forming group People can stand only to a certain amount of pressure

After this point is passed, it becomes intolerable to them and they will try to find out the alternatives. One of the alternatives is the formation of group if the people cannot reduce the pressure individually. Group helps them to absorb much of the pressure and thus relieves the individual personality. It gets rid of the tension generated by the control and people feel more secure by belonging to a group which can counteract the pressure Now, the question is: Does the group disappear if the control pressure is off? The answer is generally in negative because by the time control pressure is off, people have socialised and identified with a particular group and the group has become attractive to them in more than one respect. Thus, they are likely to continue to be the members of the group even after the control pressure is off.

Another alternative of overcoming the pressure of control is that an individual solves it at his own level. This happens more so if control pressure affects only a few individuals. In such cases, the individuals may engage in a behaviour which on the surface seems to satisfy organisational needs but actually it is not so. In such cases, they will try to camouflage the information meant for control, like providing wrong information, or coming in time at the work-place but not quite engaging in meaningful behaviour, or looking busy but without doing anything. This situation is also quite counter-productive. If the individuals are not able to go for any of these alternatives, they will fall in line with organisational control attempt. This situation may, however, not be taken as an ideal because it may be counter-productive in the long run. People may develop alienation to the work and to the organisation which may have adverse effect on their efficiency. Organisation in such cases may lose not only the efficiency of their members but them also.

Control and Organisational Factors

The behavioural implications of control, as elaborated above, do not mean that control should not be applied in the organisation. In fact, control has many positive aspects, as discussed earlier. The basic necessity is that it should suit the participants to make it more effective. From this point of view, it is imperative that various organisational phenomena should be analysed which affect the control system. Though, there are many such organisational factors and people are engaged in finding out the answer of this basic question how people can be better controlled for organisational effectiveness, the main factors related directly to control are: organisational procedures, perception formation, communication, and motivational dynamics.

1. *Organisational Rules and Procedures.* Most of the organisations prescribe some standing measures for providing guidelines for people's actions in the organisations in the form of policies, rules, and procedures. While these elements provide guidelines to them, they, particularly rules and procedures, prescribe rigidity in action. Thus, they leave very little scope for freedom in action. These rules and procedures also take away initiative and generate alienation. Many times, they may not be able to isolate or sense the factors which have caused a particular situation. Thus, there may be tendency to put the blame on those who are not really responsible for a situation Besides, the rules and procedures create more delay in action and consequently the result. Such a phenomenon is more frustrating to the individuals in the organisation

2. *Perception Formation.* The people's perception is affected by a number of factors, as discussed earlier In organisational situation, it is affected by the action of management, and the type of relationship between management and employees The perception of people towards control is a major factor in determining the response to it. Thus, if the perception of people about the control attempt is based on sound organisational climate, mutual trust and belief, there is more likelihood of getting favourable and better response from them On the other hand, if it is based on the general distrust, fear and suspicion, there is always a possibility that control attempt is resisted by the people

3 *Organisational Communication* The organisation has to design a communication network for carrying the control information both downward and upward. Through the downward communication, a superior sends the information about what a subordinate is expected to do ; the upward communication is used to get control information from the subordinates, that is, what they have done Besides, these channels also serve other purposes which will be described in a later chapter. Thus, the organisation depends to a large extent for exercising control through communication. If the communication system is not quite effective, it will affect the control system also, to that extent, in communicating what is expected from a subordinate and also how he is performing Often communication blockade is a major source of confusion and frustration in the minds of the people and they resist control.

4. *Motivational Dynamics.* The control is affected by the motivational dynamics of people and how the organisation is going to satisfy the various needs of the people. The motivational dynamics have two-fold role in control. First, how the various attempts at control are in tune with the needs of the people Ideally speaking, a control system should focus adequately on the needs of the participants and must suit them. It means the control system should be tailor-made and not universal because people differ. Thus, all people cannot be satisfied by the same system. Second, the organisation itself provides motivation or demotivation to the people to work. Human beings, being gregarious, seek to remain in the organisation. Thus, many of his needs can be satisfied by this phenomenon. However, since organisation, as a collectivity of people, has certain norms of behaviour, it becomes demotivation for the people if it is not in accordance with the people. Thus organisational phenomenon of how people are motivated is a crucial factor in control of behaviour of people in the organisation.

The various factors discussed above suggest that they actually decide the behavioural implications of control rather than the individual factors alone. Thus real implications may be understood in terms of interaction of individual and organisational factors While many of the individual factors may be analysed on the lines suggested earlier in the previous part of the text, the organisational factors may be analysed throughout the remaining portion of this part.

Overcoming Behavioural Problems

Though there are many approaches for overcoming behavioural implications of control because of the various factors involved in the basic

issue, here a few important are mentioned in brief. These are as follows :

(i) As far as possible, direct hierarchical pressure should be avoided. This problem can be overcome by structural arrangement

(ii) Management should build co-operation through participation. This is the problem related with setting right organisational climate.

(iii) Management should build communication network based on open and two-way communication This is the problem of communication in the organisation.

(iv) For obtaining coordination and co-operation in control, group processes must be strengthened. This is problem of group dynamics

(v) Management should reinforce both economic and non-economic needs of the people This is the problem of motivation

(vi) Management should have long-term perspective in designing control system so that frequent and abrupt changes do not take place This is the problem related with organisational planning and control.

Many of these issues are being described in this part of the text, while many others have already been discussed in the previous part, and many others will be discussed in other parts of the text From this point of view, the first basic issue is the means of control.

Means of Control

Organisation, in order to ensure achievement of its objectives, must provide some means of control. The control, being in the nature of interactional pattern, may be performed in many situations There can be many control relationships depending upon the form of controller and controlled The controller and controlled may be either individuals or groups Thus, control can be *(i)* one on one basis, mainly through inter-personal communication process , *(ii)* group on one, mainly through group dynamics ; *(iii)* group on group, mainly through intergroup relationship of co-operation and conflict ; and *(iv)* one on group, mainly through power, authority, leadership, and total organisational climate. Such classification, however, is not mutually exclusive because there may be overlapping in the means of control. For example, communication may be used for controlling group by an individual.

Etzioni has different types of classification of means of control in the organisation. Accordingly, an organisation may apply three types of means for controlling its members· physical, material, and symbolic.[2] Thus various sanctions may be applied for enforcing control. Sanctions are rewards and penalties which an individual or group may use to induce persons to conform to norms. Since, there may be many types of such sanctions, the people may respond to these differently. This difference is further enhanced because of individual differences. Therefore, the use of various sanctions should be made according to the need and situation

1. *Physical Sanctions* Physical sanctions are in the form of use of coercive power. These rest on the infliction of pain, deformity, generation of

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2 A Etzioni, *Modern Organisations*, New Delhi Prentice-Hall of India, 1964

frustration through restriction of movement, or controlling through force Such sanctions may be used to conform behaviour in those cases where alienation is required. For example, in prison, the people are controlled more by physical sanctions Similarly, the use of physical sanctions is more prevalent at the lower level of the organisation because at these levels, strict discipline is required. People are not self-motivated and they require additional pushing mechanism to get things done Examples of physical sanctions may be dismissal, suspension, demotion, harassment, and assignment of unpleasant work to the employees in the organisation Either the threat of these or the actual happening of these may be used to control organisational behaviour.

2 *Material Sanctions* Material sanctions are opposite of physical sanctions These are based on the control and allocation of material resources and rewards Material rewards consist of goods and services These are the traditional forms of influence of managers over salaries, wages, and other financial benefits and amenities People comply with these sanctions because these will result in positive benefits. Therefore, one who can distribute these rewards will have influence over others. Material sanctions are very common in most of the organisations for achieving desired behaviour. Theory of motivation, based on reward and punishment system or carrot and stick, emphasises the role of rewards or carrots for motivating people. Classical organisation theory has emphasised the role of money in motivation and tries to devise various financial incentive schemes to get maximum performance from the people. However, these sanctions do not work adequately at the higher level of the organisation because people at this level have sufficiently satisfied their need for money or material rewards At the lower level, these become more important as people are motivated by monetary rewards as many of their needs can be satisfied by the monetary value

3. *Symbolic Sanctions* Symbolic sanctions are those which do not constitute a physical threat or a claim on material rewards. They are in the form of some symbols which are important for the recipients. Such symbols may be normative such as prestige and esteem and social such as love and acceptance. These are important for the recipients because these work just as material objects (money). The money is used for exchanging the materials which are used for deriving physiological satisfaction. Similarly, when normative or social symbols are received by a person, he derives psychological satisfaction, as discussed in motivation. The symbolic sanctions are quite important at the higher level in the organisation because people after fulfilling their lower order needs try to achieve satisfaction by fulfilling their psychological needs which are mostly satisfied by symbolic rewards.

Application of Various Sanctions

In organisations various means of control are used. However, need and applicability of various means are determined by a number of factors, related to both organisations and their members. Though the organisational and individual factors may be identified for the purpose of analysis, often both these factors interact

1. **Organisational Factors.** The need and application of a particular

method of control are determined by three organisational factors .selection and socialisation processes of members pervasiveness of norms in the organisation, and the degree of commitment required from the members

(i) *Selection and socialisation process of members* normally determine the type of members an organisation has, and consequently what type of control method can be used. The more active role an organisation plays in the selection of its participants, the less the amount of efforts it requires in controlling their behaviours. This is built on the hypothesis that if an organisation is free to select its members, it would like to select only those who identify themselves with the basic values and philosophy of the organisation and will require less control. Coercive organisations are least selective, whereas utilitarian organisations are highly selective. Normative organisations vary in their degree of selectivity ; some are highly selective, others are not at all selective. This can be explained by an example. The prison, a coercive organisation, does not play any part in selecting its members, hence has to apply physical sanctions for controlling its members. The business organisation, a utilitarian organisation, is highly selective and selects its members, particularly at the higher levels, hence requires less control on those who are scientifically slected. Some normative organisations, such as private schools, are highly selective, while some normative organisations, public schools are not highly selective. The degree of selectivity determines the degree of sociability of the members and consequently their commitment for organisational objectives. There is a direct correlation between selectivity and the degree of socialisation Also there is negative correlation between the degree of socialisation and control.

(ii) *Pervasiveness of norms* in the organisation determines the extent and means of control the organisation will apply. Though norms are set for performance in all organisations, there are often wide variations among the organisations in the pervasiveness of the norms they attempt to set and enforce. Naturally, this variability requires different types of control means. The higher the degree of pervasiveness, the more is the need for symbolic means. Similarly, in lower pervasiveness, a combination of the various means are applicable but physical and material beings more important, particularly when the visible conformity, such as amount of output by an individual or his attendance, is required. For example, in prison, there is limited pervasiveness of norms because only very limited activities of its members are controlled. Thus physical sanctions work more effectively. On the other hand, a religious organisation has a high degree of pervasiveness because norms of that organisation have to be followed by its members wherever they go or in what activities they are engaged in. In this case, normative and symbolic means of control are more appropriate.

(iii) *Degree of commitment which is required* from the members also determines the type of control means which will be used. This is necessary because commitment of members depends upon the type of control means used. In general, normative sanctions generate more commitment than material ones. Similarly, material sanctions generate more commitment than physical ones. Etzioni suggests that the application of symbolic means of

control tends to convince people, that of material means tends to build up their self-oriented interests in conforming and use of physical means tends to force them to comply. Thus, the organisations may use less alienating means if they want high level of commitment. Moreover, a single organisation may use a mixture of these means for its different grades of members. For example, the business organisations may use normative means for the higher level but physical and material means for the lower level.

2. **Individual Factors.** Individual characteristics are also important in determining the applicability of means of control. Different people respond differently to a particular means, suggesting that some people may be influenced more by one means but not by others. There are two such factors which determine the applicability of control means : rank of person in the organisation, and his socio-cultural factors.

(i) Ranks of participants determines the type of control which will be more useful. For people at higher ranks, generally symbolic means are more appropriate for the reasons discussed above. Similarly, for people of lower ranks, physical and material means are more appropriate. Two groups of people have different need patterns, commitment, and socialisation, and consequently work better in different types of control processes.

(ii) Participants' social and cultural factors affect the way they respond to various control means. Thus if a person is coming from a society where prestige and power are placed highly, he is more motivated by symbolic means of control. On the other hand, the person coming from a society attaching high value to the money, will be better motivated by material means of control.

The use of various sanctions is determined by the possession of power and authority. Thus, power and authority are the important concepts in controlling and influencing behaviour. However, the concept of sanctions through the use of authority and power has become unfashionable in the modern organisations. Therefore, other means of influencing human behaviour should be taken into consideration. These are leadership, communication, and organisational climate. These can be discussed only when we know the basic mechanism involved in power and authority.

POWER

Power is used in terms of capacity or ability to do something or get intended results from others. Thus power is a relational phenomenon and can be defined always in a dynamic sense. From organisational point of view, it can be defined as 'the degree of influence an individual or group has in decision-making, without being authorised by the organisation to do so. Thus power is extra organisational in nature and any one in the organisation may have influence through the power provided otherwise, one is able to do so. For example, in political organisations, a close relative of a high-up may influence decisions of the executive without having any authorisation from the organisation. Similar things may happen in other organisations too.

Power is used not only in getting a certain result achieved but it includes impact on negative decisions, or the action of not deciding also. Therefore power is not only one's influence over the decision-making, but also one's capability of limiting the scope of actual decision-making.

Power and Authority : A Comparison

Sometimes power and authority are used synonymously because of their objective of influencing the behaviour of others. However, there is difference between the two. While power is used in terms of one's capability for getting intended result, authority is used as a right of a person to get intended result. Thus power does not have any legal sanctity while authority has such a sanctity. Sometimes right and capacity can be identified easily, but at other times, the two get intermingled. In fact, there is a continuum between power and authority. At the one end, right and capacity would be one, while at the other end, both would be completely separable. Between these two extremes, it is possible to find out a number of combinations.

From the above discussion, it may be inferred that power and authority distinction is significant from organisational point of view because both have different amounts of legitimacy. Authority is institutional and is legitimate. Power, on the other hand, is personal and does not have any legitimacy.

Importance of Power

Power, though personal and lacks legitimacy, is a crucial factor in influencing the behaviour in organisational situation. Thus power is one of the essential components of practically every organisation.

Power has been compared with electricity in a motor by Hicks and Gullett. They state, 'consider an electric motor, for comparison. The motor, like an organisation, can be explained partially by a description of its (1) external appearance and operation and (2) gears, inner mechanisms, and relationships; however, the essence of the motor cannot be understood without an appreciation of a third factor; how electricity as the power source makes the motor run, which may cause gears to turn, which operate mechanisms, and so forth. So it is also with power; it is a force that makes organisations operate'[3] The importance of power can be analysed in two ways :

1. Necessary for Coordinated Activities. Power is required in the organisation for the effective performance of activities of the people. In its absence, there may be chaos which is undesirable because (*i*) people become upset and insecure in the presence of chaos, and (*ii*) chaos precludes the synergistic benefits that are gained from effective organisations. Thus many benefits of modern organisations cannot be obtained without the viable exercise of power in some form. People may be willing to obey the power, although without any legitimacy. It has been observed that 'a person may like success more than he dislikes being controlled by another's power'.

2. Basis for Authority and Responsibility. Power is commonly recognised as the basis of authority and responsibility. In one way, authority can be viewed as one of the prerequisites of power. If the source of authority system in the form of formalisation is traced, it may be found in power. For example, the dominant values of society have become formal authority system, such as law, social institutions, etc. The dominant values of the society are nothing but power in the society which is gradually transformed into these systems. In modern organisations too, the authority system is backed by the power

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3. Herbert G. Hicks and C. Ray Gullett, *Organisations : Theory and Behaviour*, New York McGraw Hill, 1975, pp 230-231

system. This is why some persons may have less formal authority but they are able to exercise more authority because of the power which they have. Alternatively, some may have more authority, but actually their exercise of authority is limited because of the power system which operates in the organisation.

Power is also the basis of responsibility. Responsibility is the obligation to carry on any function or discharge of duty. In formal organisations, responsibility is fixed on the basis of allocation of activities through the process of organising However, the real cause of accepting responsibility is somewhat more deep-rooted. Psychologists suggest that responsibility is a function of personality, which in turn is largely shaped by significant person in the early childhood. For example, the parent may impress the child to bear the responsibility and when the child is grown up, he assumes it because of this value. The parent, while impressing the child to bear responsibility, is exercising some power, the moral power in the family. Thus, the basic root of the responsibility is found in the power, and not merely in the formal allocation of duties.

Power Relationships

Power variable is a relational one. A person or group cannot have power in isolation; it has to be in relationship to some other person or group. The parties involved in power relationship are tied to each other by mutual dependency. By virtue of mutual dependency, it is more or less imperative for each party to be able to control or influence other's conduct. It implies that each party to the power relationship is in a position to some degree to grant or deny facilities or hinder the other's gratification. Thus, the power to control or influence the other resides in control over things which other person values This may be material things or abstract things like attitudes and ego support

Dependency of some kind is the basic characteristic of all the modern organisations. Such dependency exists either among individuals or units and subunits. For example, the design of a bureaucratic organisation rests largely on the power variable with the intent of ensuring that each level in the organisation has sufficient power. This power, however, is affected by informal patterns worked out over time and by personal differences in the exercise of the power available in a unit or subunit. Thus various units may have power in varying amounts. For example, Perrow has concluded that in the industrial firms sales departments are overwhelmingly regarded as the most powerful units.[4] The other subunits of the firm regard them in that way and behave accordingly.

In the mutual dependency, the power of a person over another depends on the amount of resistance the other person can put against the influence attempts by the person. Thus power is balanced if both have equal power and dependency upon each other. The relationship is imbalanced when either of them has more power or dependency than the other. This is the situation when

4 Charles Perrow, "Departmental Power and Perspective in Industrial Firms," in Richard H Hall, *Organisation Structure and Process* Englewood Cliffs, N.J Prentice Hall, 1972, p 206

power can be exercised. However, it does not mean that power always brings desired result, rather many times the use of power may be thwarted by the persons on whom the power is exercised. The success of this attempt will be determined by the imbalance in the power relationship. More the imbalance in power relationship, lesser is the degree for success of attempt for thwarting power. In organisational situations, there are certain features which are important for determining the successful application of power.

Bases of Power

The analysis of bases of power is crucial because power, even though not fully legitimised, is a significant source of influencing one's behaviour. However, there is considerable degree of variability among the thinkers about the sources of power. For example, Lasswell and Kaplan have suggested eight forms of influence which are critical. These are physical power, respect, rectitude, affection, well-being, wealth, skill, and enlightenment.[5] According to French and Raven, there are five bases of power: reward, coercion, indentification with the power figure-referent power, expertise, and legitimacy.[6] Etzioni has indentified three bases of power: coercive, remunerative and normative.[7] These classifications of power bases show considerable divergence on the surface because of authors' own interpretation of the terms used and their perception of how power comes either without reference to the organisation or with its reference. Coercive, reward, and legitmate power bases derive their influence almost entirely from the organisation. Organisations award these powers and they go with the position. Expert and referent powers reside in individuals and relate to their own characteristics. They belong in individuals from organisation to organisation. A brief description of these power bases may be helpful in understanding their exact nature and use in influencing behaviour in the organisation.

1. *Coercive Power.* Coercive power is defined as the power which rests upon the application or the threat of application of physical sanctions. The physical sanctions out of the exercise of coercive power may be in any form depending upon the situation. Thus, it can be in the form of infliction of pain, deformity, or death; generation of frustration through restriction of movement; or controlling the satisfaction of basic needs such as those for food, sex, comfort, or the like. In organisational situation, it may be in the form of action for or threat for dismissal, suspension, demotion, or other method of embarrassment for the people.

2. *Utilitarian Power.* Utilitarian power is opposite of coercive influence It is based on one's control and allocation of material resources and rewards. This power is based on the old saying that 'wealth is power'. In the organisational situation, this power is based on the control of salaries,

5. Harold Lasswell and Abraham Kaplan, *Power and Society,* New Haven Yale University Press, 1950, p 77.

6 John R P. French and Bertram Raven, "The Bases of Social Power", in D Cartwright and A.F. Zander (eds) *Group Dynamics : Research and Theory,* New York· Harper, 1960, pp. 607-623

7. Amitai Etzioni, *A Comparative Analysis of Complex Organisations,* New York. Free Press. 1961

wages, commissions, fringe benefits, and amenities People comply with this power because they get benefits out of compliance.

3. *Normative Power.* Normative power is based on the allocation and manipulation of symbolic rewards which may be important for the people. The symbolic rewards may be in the form of prestige, affection, esteem, etc Thus anybody who can allocate or deny these holds the normative power. It can be exercised in limited interpersonal context or in wide context. Thus, it may also include manipulation of the communication system and ability to control rituals.

4. *Expert Power.* Expert power is based on the famous proverb 'knowledge is power'. Expert power is that influence which one wields as a result of one's experience, special skill, or knowledge. This power occurs when the expert threatens to withhold his knowledge or skill. The implication of expert power is important in the sense that this is related with the individual's personal characteristics. Since more organisations are gradually falling under the category of high technology, they will have to utilise the services of these individuals. Consequently, organisational choice of replacing these people will be limited Since any person who is not easily replaceable has more power as compared to those who are easily replaceable, these people will have greater power over others.

5. *Referent Power.* Referent power is based on identification Identification is the process of learning wherein a person copies the behaviour of other person whom he takes as an ideal This may occur in the context of power also. Thus referent power is based on identification with the person who may have some form of power. The target of the influence feels attracted towards the person having power because of his personality characteristics and tries to behave accordingly Then this becomes the basis of power exercise. Such identification process may take place without organisational context as most of the people take somebody as ideal and behave accordingly up to a certain stage.

6. *Legitimate Power.* Legitimate power is based on agreement and commonly held values allowing one person to have power over another person. Such legitimacy may be either formal, as is the case with the organisation, or may be informal, as is the case with social units. For example, in our culture, age has certain premium and aged people have certain binding force over others even without having any other characteristics In organisational setting, this legitimacy is in the form of authority which is delegated to the positions of organisational members. Though a person may derive authority from other sources in the organisation, the superior-subordinate relationship is enough to comply subordinates behaviour as directed, particularly in bureaucratic organisations.

All bases of power are not equally applicable in all conditions, but they have certain specific limitations. From this point of view, following are some major facts in exercise of power.

1. To the extent that a low-ranking participant has important knowledge not available to high-ranking participants, he is likely to have more power.

2. A person difficult to be replaced has greater power that an easily

replaceable person has. Generally the experts are more difficult to be replaced, hence have more power.

3. The stronger the power base, greater is the power.

4. Coercion causes a decrease in attraction for the power centre, and higher resistance; rewards operate in the opposite manner. However, the more legitimate the coercion, the less likely it is to produce resistance.

5. Power is reduced when it is exercised outside its perceived limits

6. The strength of influence is controlled by the *elasticity* of power, that is the alternatives available to the person on whom the power is exercised.[8]

Power Distribution in Organisation

In an organisation, having hierarchical structure, varying amounts of power shall be bestowed upon certain roles within the system. The higher the level of a person the greater is the amount of his power. The matter is, however, not so simple because of the presence of the multiple bases of power. Lammers deals with this issue when he states 'managers and managed in organisations at the same time come to influence each other more effectively and thereby generate joint power as the outcome of a better command by the organisation over its technological, economic and human resources in the service of certain objectives.[9] Thus amount of power in an organisation as well as in single interpersonal situation is variable and the amount of power changes over time.

Tannenbaum has noted two classes of conditions under which expansion of power takes place. He observes that expansion of power may occur under either of two classes of conditions. The first is that of an external expansion of power into the organisation's environment. The second concerns a number of internal conditions that subsume : *(i)* structure conditions expediting interaction and influence among members ; *(ii)* motivational conditions implying increased interest by members in exercising control and a greater amenability by members to being controlled. These conditions may sometimes be related.[10] The amount of power is not something that varies dramatically from situation to situation ; generally the change in the amount of power is gradual. Moreover, at any point of time the amount of power in an organisation is fixed – a zero-sum game. If one person or group gains in power, another loses. Power pacts are carried out within a fixed amount of framework and it is the framework that changes over time. Discussion of both these factors may clarify the power distribution.

Organisational Factors in Power Distribution

Organisations as social entities participate in power distribution in two ways : structural and functional.

1. *Structural Power.* Organisation structured on hierarchical basis distributes power according to positions. Role in the hierarchy provides

8 Stephen P Robbins, *The Administrative Process*, New Delhi Prentice-Hall of India, 1976, pp. 92-93

9 C.J. Lammers, 'Power and Participation in Decision-Making', *American Journal of Sociology*, September 1967, p 204

10 Arnold S Tannenbaum, *Control in Organisations*, New York : McGraw-Hill, 1968, pp 14-15

some important power attributes; the most significant being legitimacy. It is quite likely that legitimacy is a more dominant factor in power relationships. French and Raven point out that 'legitimate power in a formal organisation is largely a relationship between offices rather than between persons. And the acceptance of an office as right is a basis for legitimate power – a judge has a right to levy fines, a foreman should assign work.[11] From this point of view every higher office has more power as compared to a lower office. A higher office has more power because it is able to invoke more sanctions, to distribute more rewards and punishments. However, this is far from universal. For example, Argyris has found in a study that there are actually few rewards and penalties to be distributed by the hierarchical leaders.[12]

2 *Functional Power.* Organisation through its assignment of functions has an important vehicle for allocating its power resources. The allocation of functions largely depends upon specialisation and division of labour. Specialisation creates a pattern of dependence in which each participant in a greater or lesser degree contributes to the organisation objectives. Specialisation creates automatic dependence. A specialised job operating in isolation produces nothing useful. Power, therefore, becomes the effect that the kind of performance, or failure to perform, has on the rest of the organisation. Thus the characteristics of functions will determine the relative power attached. The more central the function for the organisation, the more power the person or unit will have. If a person or unit is difficult to replace, more power will be present.

The functional based power is quite different from structured based power because here the fundamental element is the work performed rather than the status/position occupied. The first implication of this difference is that everyone in the organisation is an agent in its work, is included in the pattern of dependence, and therefore, possesses some power. Thus as against structured power, functional power is distributed in varying degrees throughout the organisation including the people at the lowest level. Thus the system of specialisation minimises the possibility of absolute power.

The functional power has important implication for designing organisation structure. Since different functions possess different amounts of influence potential, it follows that the assignment of these functions within the organisation will do much to determine the structure and exercise of power. Another implication of functional power involves functional exclusiveness and its relationship to structure If there is a fear that power may accrue to certain functionaries within the system, the functions may be assigned to several people If there are many agents participating in the functions, individual power will be less than if the power of that function were concentrated in one person. Dubin observes that 'for any given level of functional importance in a system, the power residing in a functional agent (functionary) is inversely proportional to the number of other system functional agents capable of performing the function.[13] Thus power distribution can be

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11 John R P French and Bertram Raven, 'The Bases of Social Power' in D Cartwright (ed) *Studies in Social Power,* Ann Arbor, Mich Institute of Social Research, 1959, p 160

12 Chris Argyris, *Organisation of a Bank,* New Haven Yale University, 1954

balanced perspective of the importance of a particular function. This is one of the reasons why committees or plural executive systems are provided at the top level in the organisations.

There is another school of thought, however, which argues that power may concentrate in the hands of a few in spite of the structural-functional adjustments in the organisation. It is claimed that a basic dynamic of organisation process is an inexorable passage of control into the hands of an elite, an oligarchy. Michels calls it 'iron law of oligarchy'. This law is a universal phenomenon. Michels bases his theory on two factors : *(i)* the significance of organisation size and *(ii)* the clash of interests within any highly specialised organisation.[14]

Power inevitably falls into the hands of a few as organisations grow larger because of the impossibility of its exercise on any mass basis. Because of the lack of mass participation, the few begin to acquire an absolute control over the most vital functions of the organisation and thus establish themselves in power. Hence the tendency towards concentration of power in a few hands increases as the size of organisation increases. Another reason for the concentration of power in few hands relates to specialisation itself. As organisations grow and become complex, the individual roles become more specialised. Fewer and fewer people have the particular competence to fill these unique positions and expert power emerges. Since each unit competes, the power struggle begins in which one of these units or combination of these emerges dominant and oligarchy appears. There are evidences which support the contentions of Michels; however, it is doubtful whether power to few elites is absolute.

External Factors in Power Distribution

Besides the internal organisational factors, external factors also play an important role in the power system of the organisation. Factors such as associations of similar organisations, relationship with suppliers and users of organisation's products, regulatory agencies, and other indirectly involved parties affect the amount and distribution of power in the organisation. This is so because the organisation is an open system and the relevant factors in the external environment affect the power distribution in the organisation. Thompson and McEwen have emphasised the role of environment to the power adjustments in the organisation. They have hypothesised that one way of analysing the degree of power exercised by outside influences is to identify the time of entry of these forces into the decision-making structure. The earlier the entry, the greater the power. They have established four models of entry along a continuum : *(i)* competition, *(ii)* bargaining, *(iii)* co-operation, and *(iv)* coalition.[15] The details of these models have been presented in the first chapter.

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13 Robert Dubin, *The World of Power*, Englewood Cliffs, N.J : Prentice Hall, 1958, p 48

14. Robert Michels *Political Parties : A Sociological Study of The Oligarchical Tendencies of Modern Democracy*, London . Jarrold and Sons, 1915

15 James D Thompson and William J. McEwen, 'Organisational Goals and Environment, Goal Setting as an Interaction Process', *American Sociological Review*, February 1958, pp 23-31

AUTHORITY

Authority is another means of influencing and controlling the behaviour of people in the organisation. The term authority is defined in various ways in management literature possibly because of different sources of authority. The classical analysis of authority is generally attributed to Max Weber who describes authority as the willing and unconditional compliance of people, resting upon their belief that it is legitimate for superior to impose his will on them and illegitimate for them to refuse to obey.[16] Various authors who rely on the formal aspect of authority define it in this term Thus authority can be defined as legitimate right to give orders and get orders obeyed. From this point of view, authority has following characteristics :

(i) There is existence of right in authority. This right is given to a manager in an organisation by his superior. This right puts a manager in a position by which he regulates the behaviour of his subordinates to act or not to act in certain ways.

(ii) The right of giving of order is legitimate. Unless there is an environment of legitimacy – meaning socially and ethically acceptable to all concerned – authority cannot be meaningful and operational.

(iii) Authority gives right of decision-making because a manager can give order only when he decides what is to be or not to be done by his subordinates As Teray has pointed out, the authority is exercised by making decisions and seeing that they are carried out.

(iv) The basic objective behind the use of authority is to influence the behaviour of the subordinates in terms of doing right things at right time so that organisational objectives are achieved. The use of authority may control the negative aspects of behaviour. This behaviour may be governed by persuasion, sanctions, request, coercion, constraints, force ; however, a person with authority influences the behaviour of others that might otherwise take place.

(v) Authority in itself is an objective thing but its exercise is always subjective. The use to authority is determined by the personality factors of its possessor and the persons or group of persons in whose context this is made.

Sources of Authority

Some disagreement has developed about the source of authority. Management experts are divided on whether authority rises at the top and flows down in traditional fashion or whether it rises from the bottom as a kind of consent of the governed. Thus, various theories exist about the sources of authority. These may be classified as formal authority theory, acceptance theory, and competence theory.

1. Formal Authority Theory

According to this theory authority, is viewed as organising at the top of an organisational hierarchy and flowing downward therein through the process of delegation. Thus, the authority does not vest in a managerial

16 Max Weber, *The Theory of Social and Economic Organisations,* Trans A.M. Henderson and Talcott Parsons, New York : Free Press, 1947.

position, but it is delegated from up. A supervisor in production department gets authority from his superior (factory manager), the superior from his superior (production manager) who gets from the Chief Executive. The Chief Executive gets it from Board of Directors which in turn is delegated authority by the shareholders Thus shareholders are the real source of authority because they are owners of the organisation and have right to manage the affairs of the organisation in the way they like However, shareholders have this authority because of the institution of private property in the society and by virtue of that they are able to hold the shares Thus, various social factors, laws, political and ethical consideration, and economic factors put certain limits on this authority, and organisation has to function within these limits In this way, the basic source of authority can be traced in social institutions themselves. In a society, where private property does not exist, as is the case with socialistic countries, the origin of authority can be traced to the elements of basic group behaviour.

This authority has been called formal authority. Most formal authority theorists emphasise the legal aspects of private property as the source of authority, though sociologists' analysis has broadened the source to include all social institutions which may be defined as complex of laws, codes, cultures and ethics by which a social group attains and enforces group purpose. In this way, owners themselves have certain limits on their authority. Similarly. a manager in the organisation has only that much of authority which is delegated to him by his superior.

2. Acceptance Theory

The traditional belief that authority flows from top has been challenged by Chester Barnard. In his series of lectures at the Harvard University, U.S.A., in mid-thirties, Barnard dwelt very considerably on the philosophy of Mary Parker Follet, on the then recent findings of social psychologists, and on his own perceptive insights. He goes on to say, while defining the authority.. .the character of communication (order) in a formal organisation by virtue of which it is accepted by a contributor to or member of the organisation as governing the action he contributes ; that is, as governing or determining what he does or is not to do so far as the organisation is concerned. According to this definition, authority involves two aspects : first, the subjective, the personal, the accepting of communication as authoritative, and second the objective aspect – the character in the communication by virtue of which it is accepted.[17]

The essence of acceptance theory is that people differ in the degree of effort they contribute to achieve the objectives of an organisation. The organisation must in some way secure their willingness to co-operate. The degree of effective authority possessed by a manager is measured by the willingness of subordinates to accept it. 'An individual will accept an exercise of authority if the advantages accruing to him from accepting plus the disadvantages accruing to him from not accepting exceed the advantages accruing to him from not accepting plus the disadvantages accruing to him

17. Chester I Barnard : *The Functions of the Executive*, Cambridge Harvard University Press, 1938, p 163

from accepting; and conversely, he will not accept an exercise of authority if the latter factors exceed the former.[18] Thus, the acceptability of an order will depend upon relative consequences, both positive and negative. Many orders may be fully acceptable, many fully unacceptable, and others only partially acceptable. Barnard maintains that subordinate will accept an order if he understands it well, if he believes it is consistent with the organisational objectives and compatible with his own interest [19]

The acceptance theory of authority presents numerous problems in the organisation. A manager is not able to know whether his order will be obeyed by his subordinates unless the order is carried on by them. The acceptance of an order is not the result of exercising of authority, but of leadership which is regarded as the ability to persuade others to work to achieve a group goal. For a manager, both authority and leadership are essential. O'Donnel holds that it is difficult to adopt the acceptance theorists' hedonistic formula for the source of managerial authority.[20]

3. Competence Theory

In addition to formal and acceptance theories of the source of authority, there is a feeling that authority is generated by personal competence. Urwick identifies formal authority as being conferred by organisation, 'technical authority' as being implicit in special knowledge or skill, and 'personal authority' as being conferred by seniority or popularity.[21] A person may get his order or advice accepted by others not because he is having any formal authority, but because of his personal qualities These qualities may be technical competence and social prestige, such as competent engineers, economists, etc, in the organisation whose advice may be sought and followed unerringly as if this is an order Similarly, in other social groups people with charisma have the same effect.

The various theories suggest the sources of authority. No doubt, the acceptance and competence theories suggest how and why an individual obeys the order of another, one cannot discount the importance of formal-authority. The formal authority may be regarded as basic to managerial job, and others to as the product of leadership. Nevertheless, authority is generated through all these sources

Limits of Authority

In an organisation, the quantum of authority decreases at successively lower levels, it is maximum at the highest level, and minimum at the lowest level as shown in Fig. 13.1.

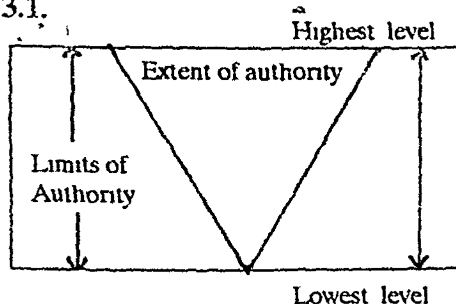


Fig. 13.1 Limits of authority at various levels in an organisation.

18 **Robert Tannenbaum**: The Nature of Authority, *Journal of Business*, Vol XXIII, 1950, pp. 22-39.

19 Barnard · *Op. cit*, p. 167

20 Cyril O'Donnell : The Source of Managerial Authority, *Political Science Quarterly*, 1952, pp 583-88

21. L F Urwick, *The Elements of Administration*, New York Harper & Row, 1944, p 47

The authority is not absolute The authority enjoyed by an organisation is exercised subject to various social, legal, political, and economic factors Similarly, the use of authority by a superior over his subordinates is restricted by various factors These factors are :

1. The authority is exercised with regard to mores and folk ways of the group concerned The use of authority generates different reactions from various groups The authority must be exercised keeping in view the group's fundamental social beliefs, codes, creeds and habits, otherwise the effective exercise of authority is limited

2 There are biological limits on the authority. Human beings do not have the capacity to do certain things An individual cannot be asked to walk up the side of a building Similarly, there are physical – climate, geography, physical laws and others, economic competition, market factors, etc , and technical limitation on the use of authority These all suggest that an individual cannot be ordered to do a thing which is not possible because of these limitations

3 There are certain limitations which restrict managerial authority Such factors as partnership agreements, memorandum of association, articles of association, factory Acts and company laws put limitations on authority A manager has to exercise authority in these contexts. Changes in these can be made, but these can be done through a definite procedure and not at the whim of a manager.

4. A manager's authority is limited because of the fact that his span of management is limited. As discussed earlier, there is a limit on the number of subordinates who can be effectively managed by a superior. The exercise of authority requires to take decisions and a manager cannot take such decisions about unlimited number of persons Thus, his authority is limited to the subordinates who are managed by him

5. A manager can use the authority which is specifically delegated to him. Delegation of authority is required because of the assignment of duties

ORGANISATIONAL POLITICS

Organisational politics is universal Political behaviour is not exclusive to those who hold public positions We expect political behaviour in every organisation. For example, Pfiffner and Sherwood comment that :

> "The 'who gets what' (politics) is endemic to every organisation, regardless of size, function, or character of ownership. Furthermore, it is to be found in every level of the hierarchy, and it intensifies as the stakes become more important and the area of decision possibilities greater."[22]

It can be observed that every one plays some kind of politics at some point of time in the organisation. We can find references that define politics as one or more of the following · self-serving behaviour, acquisition of power, protection of one's own domain, building of support through group formation, or influence manoeuvring In all these cases, politics involves acquisition of power or be around power and engage in self-serving behaviour. Therefore, politics can be referred to as actions for seizing, holding, extracting, and

22 John M Pfiffner and Frank P Sherwood, *Administrative Organisation*, New Delhi Prentice-Hall of India, 1964, p 311

executing of power by individuals and groups for achieving personal goals Because of organisational politics, organisational decisions are affected in such a way that they contribute to personal goals rather than organisational goals. Tushman has defined politics as follows .

> "Politics refers to the structure and process of the use of authority and power to affect definition of goals, directions and the other major parameters of the organisation. Decisions are not made in a rational or formal way but rather through compromise, accommodation and bargaining "[23]

Based on the definition of politics, its features can be described as follows .

1. Political behaviour involves some kind of power either directly or indirectly. Power can be exercised by those who are in formal positions and enjoy authority. It can also be influenced by other persons close to those who hold formal authority.

2 Politics involves behaviour that is self-serving. It suggests that either organisational resources are used for personal benefits or benefits to be given to one person are given to another. In both the cases the decision in not rational from organisation's point of view

3. Politics takes place when an individual recognises that achievement of his goals is influenced by the behaviour of others. In such a case, politicking involves the elimination of adversaries by the influential manoeuvres of a member of the organisation.

4. All self-serving behaviours which do not involve use of power or threat of use of power cannot be termed as politics. For example, an employee's asking for a rise in pay is not political behaviour, but the use of threat to unionise to obtain a pay rise amounts to political behaviour

Consequences of Political Behaviour

Political behaviour, in general, is dysfunctional, though in some cases, it can be functional. If, in acting in his own self-interest, a member behaves in ways that are compatible with the best interests of the organisation, such behaviour is functional. This may happen specially when management tries to safeguard its own interest along with the interest of other parties associated with the organisation. For example, much politics may be involved while managing labour force or managing external relationship of the organisation.

Political behaviour is dysfunctional if self-interest hinders the organisation from achieving its goals When organisation's and individual's interests interact, there may be some portion in which case both interests may be similar while other portion may represent conflict between two interests. Since an individual tries to achieve his own goals, it may be at the cost of the organisation Thus higher the degree of incongruency between two goals, higher is the chance for political behaviour being dysfunctional Political behaviour may assume the following forms :

1. Scapegoating

23 M I Tushman, "A Political Approach to Organisations A Review and Rationale", *Academy of Management Review*, No 2, 1977, p 217.

2. Passing the buck
3. Sabotage
4. Attacking and blaming others
5. Praising others, ingratiation
6. Creating obligations and reciprocals
7. Creating power coalitions
8 Associating with influentials
9. Image building
10. Support building for ideas
11. Falsification or hiding of important information

All these forms will result into either wastage of organisational resources or downing of morale of people in the organisation. In both these cases, organisational efficiency will suffer.

Reasons for Organisational Politics

Organisational politics is a natural phenomenon of every human group or organisation. When the group or the organisation works for certain time, it tends to generate political behaviour. There may be several reasons for this Some more prominent factors which contribute to political behaviour are as follows :

1. *Competition for Power.* Political behaviour emerges because people want to derive power, that is, over and above the authority delegated to them formally. They want to acquire power because it is satisfying to them Since amount of power like other resources is limited, often there is competition for acquiring power. In this process, people feel it rational to manoeuvre the things in such a way that it gives them more power and consequently use of resources than others. Thus their behaviour becomes dysfunctional from organisation point of view.

2. *Discretionary Authority.* Organisations provide positions with discretionary authority to use such powers in the case of special needs like emergency in organisations. Such authority is used based on individual judgement For example, a production manager may be given discretionary authority to appoint personnel of certain category in the case of emergency without making reference to personnel department. Such discretionary authority, then, becomes the basis for organisational politics. Normally, those in discretionary positions seek to maintain power at least equal to or greater than their dependence on organisational members If their discretionary power is less, *they will try to form coalition to achieve more power. This will result* in political behaviour.

3. *Ambiguity in Organisation.* Ambiguity in organisation, particularly of roles and authority, generates politics. The more ambiguous the formal roles and authority of organisation members, the more developed will be the internal system of political [illegible]tion. Ambiguity puts people to settle their roles through mutual int[illegible] In these interactions, [illegible] try to enact their roles in [illegible] them so that they [illegible] better performance. It is to [illegible] better perform [illegible] more incentives and rewards [illegible] enacted in [illegible] not be functional for the org[illegible]

4 *Subjective Evaluation of Performance* Subjective evaluation of performance may also lead to political behaviour In many cases, performance evaluation cannot be based on any concrete achievement, and it is the judgement of a superior which is taken as the basis for performance evaluation. This may happen where performance cannot be measured quantitatively, for example, the job of a personnel manager or research and development manager. When subjective evaluation of performance is taken and members may think some bias in superior's evaluation, they may be forced into dysfunctional political behaviour. For example, in such a case, a subordinate may like to be closer to his superior by providing him personal satisfaction rather than organisational performance Therefore, the lesser the objectivity in defining and measuring performance evaluation criteria, the greater is the room for the individuals to engage in dysfunctional behaviour.

5 *Saturation in Promotion* People have a feeling that they have reached saturation level of promotion. When they reach the maximum level as per their talent and skills, they resort to political behaviour. This is what Peter principle describes, that is, in a hierarchy, every employee tends to rise to the levels of incompetence and he will have no other business than to engage in politics that have undesirable consequences However, this may not be true for all the persons. Some persons may emphasise work achievement more than positional achievement and may not involve in politics

6. *Joint Decision -Making* Large organisations emphasise on joint decision-making to solve common problems faced by various units. Joint decision making generates conflict and politics. In order to get favourable decision, people involve in politics by forming coalitions and associations through which they will be able to achieve their objectives. Thus in an organisation, various such groups are formed for mutual benefits.

Management of Organisational Politics

It has been observed above that politics is a feature of every organisation because it arises for serving individual needs. Therefore, any discussion of managing organisational politics must be prefaced with the statement that efforts to restrict politics in the organisation will largely be futile. The best one can do is to minimise the dysfunctional effects of self-serving behaviour. Below are given some guidelines helpful in minimising the dysfunctional effects of organisational effects.

1. Much of the political behaviour is caused because of lack of clarity in job definitions, roles, rules, procedures, and authority Therefore, by prescribing these things clearly, some dysfunctional behaviour can be checked Clarity in these aspects helps in minimising favouritism, unfairness, nepotism, and opportunity for people to advance themselves at the expense of others and of the organisation.

2 Highly dysfunctional forms of political behaviour can flourish only when supported directly or indirectly by top management personnel Normally politics begins at the top and percolates throughout the organisation People at lower levels look to their superiors for standards of acceptable behaviour When top people abuse the system, exploit opportunities for their benefits, or reward non-performance criteria, other organisational members will follow soon. Therefore, top management should not only indulge in dysfunctional politics but should also discourage it by clearly stating that such a behaviour is to be penalised

3. Management can take direct action to curb political behaviour When politics deters the organisation from the pursuit of its objectives, management action is required. It can curtail offensive tactics when the first signs become evident. Similarly, when people play the politics of being indifferent to the decisions made by them, they should be held personally responsible for the decisions Even a committee's decision can and should be charged against every member of the committee As a result, decision makers cannot avoid the responsibility of bad decisions and cannot pass the buck

4 As far as possible, there should be objective criteria for setting objectives for individuals and departments, and the rewarding of individuals should be solely on attainment of these objectives. When objectives are clearly specified, any deviation from it will be obvious and it will be easier to control Generally, individuals react to the norms of organisation—that is, what other members can get away with—and to behaviours that are rewarded. If inefficiency goes unnoticed and unpenalised, and rewards are given to those who are near the boss and who look to be busy without any contribution, such pattern of behaviour will be adopted by others also. By penalising negative behaviour and rewarding positive behaviour, members can be motivated to engage in positive behaviour

All the guidelines suggested above are long-term course of action Therefore, unless there is suitable and conducive work climate in the organisation, these actions are unlikely to succeed Organisational climate is largely set by top management Therefore, it is the top management which can take lead in curbing dysfunctional aspects of organisational politics

DISCUSSION QUESTIONS

1 'Control is a dynamic decision-making process in organisation Its purposes are to guarantee performance, maintain a system of reward and reinforcement, and meet the needs of individual and organisation' Discuss

2 'Control systems are to a considerable degree influenced by a number of basic organisational phenomena ' Discuss the influence of the principal among them

3 Discuss the relative significance of physical, social, and material sanctions as means of controlling organisational behaviour

4 What are the behavioural implications of control ? Discuss some methods for overcoming the behavioural problems

5. Define power Why is power so important in organisation ? What are the various bases of power ?

6 How is it that some of the most bitter contests among managers occur in their jockeying for new power positions when an important power holder leaves the organisation ?

7. What are the various ways in which organisations as formal entities participate in the distribution of power ? Is it not true that as one moves up the pyramid, one acquires an increasing amount of power ?

8 How do some people in organisation acquire and exercise greater power than others? Explain the nature and significance of power relations in a large manufacturing concern

9 How does power in organisations tend to be concentrated in the hands of a few persons? Discuss with special reference to the organisational factors responsible for allocation of power

10 What is authority ? How does it differ from power ?

11 Discuss the various sources of authority How are various sources applicable in business organisations ?

12 'Orders will be obeyed if they make sense' Comment on this Do you agree with this? Give reasons

13 What do you mean by organisational politics ? Why do organisational politics emerge? Discuss the measures to avoid organisational politics

14

Leadership

Theme	
To understand the basic content of leadership as a process of inluence	To identify how leaders emerge
To understand the various leadership styles so that managers can adopt suitable style	To identify the various leadership styles in Indian organisation for understanding the style framework.

No doubt, the behaviour can be influenced by the exercise of power and authority but merely relying on these elements for desirable behaviour in the organisation may not bring result to the maximum efficiency The exercise of power and authority may not be having long-term effect on the motivation of people and they may not be enthusiastic to contribute willingly for the achievement of organisational objectives Such a willing co-operation can be achieved through right leadership which has a long-term effect on the people for positive behaviour. Thus, leadership is an essential ingredient for successful organisation The successful organisation has one major attribute that sets in apart from unsuccessful organisation that is dynamic and effective leadership However, the role of leadership can be fully realised in the organisation only when appropriate leadership pattern is followed This makes managers essential to understand and identify the various styles available This chapter presents the various aspects of leadership so as managers can adopt a suitable leadership style in their organisations.

Leadership Defined

Leadership may be defined in terms of totality of functions performed by executives as individuals and as a group. "Leadership is interpersonal influence exercised in a situation and directed through communication process, towards the attainment of a specialised goal or goals."[1] Thus, leadership is the process of influencing the activities of an individual or a group for goal achievement in a given situation Leadership process comprises three factors—leader, the follower, and other variables

An analysis of the definition of leadership gives certain basis characteristics. These are as follows ·

1 Leadership is basically a personal quality. This quality motivates the individuals to be with leaders.

2. Leader, by exercising his leadership, tries to influence the behaviour of individuals aroun : him to fulfil certain pre-determined objectives.

3. Leader tries to influence the individual to behave in a particular way

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1 Robert Tannenbaum *et al : Leadership and Organisation · A Behavioural Science Approach*, New York McGraw-Hill, 1961

4 There is a relationship between leader and individuals (followers) which arises out of functioning for a common goal.

5. Leadership is a continuous process of influencing behaviour.

6 Leadership is exercised in a particular situation. The situation variables also affect the effectiveness of leadership

The above characteristics of leadership functions hold good in any organisation whether it be a political, religious, business or any other organisation

Difference between Management and Leadership

It is a practice of some social scientists to treat 'managership' and 'leadership' as synonymous However, a distinction can be made between these two terms. The key difference between these two lies in the word organisation. As a matter of fact, there can be leaders of completely unorganised groups Leadership may be viewed as the process of influencing behaviour of an individual or group regardless of the reasons It may be for one's own goals or a friend's goals, and may or may not be congruent with organisation goals On the other hand, there can be managers only where organised structures create such roles

Another difference in the two concepts lies in the context of scope of functions performed A manager has to perform all the five functions of management—planning, organising, staffing, directing, and controlling Leadership functions come under directing through which behaviour is directed to get maximum use of subordinates' ability. Subordinates are guided by rules and requirements enforced by managerial authority. However, in this process, subordinates may work about 60-65 per cent of their capacity, just enough to satisfy the requirements for holding their jobs. To raise efforts towards total capability, the managers must induce zealous response on the part of efficient subordinates by exercising leadership Thus, leadership is a part of management but not all of it. This implies that a strong leader can be a weak manager because he is weak in planning or some other managerial duty. The reverse is also possible That is, a manager can be a weak leader and still be an acceptable manager, specially if he happens to be managing people who have strong inner achievement drives.

Informal and Formal Leaders

Leaders arise in many situations. Even informal social groups have leaders When groups endure and become formal, the persons are elected leaders Normally, the persons elected to offices are the ones who are the natural leaders of the groups Their views get attention from the members even without formal election, but with elections those natural leaders are consciously acknowledged Researches on small groups show that those persons who emerge as informal leaders are perceived by other group members as being the best able to satisfy the group needs and that the leaders, therefore, are enabled to influence other members A leader derives his influence from the members' feeling or intuition that he can help to satisfy their needs; consequently, they are willing to submit, within the limits, to his guidance

When a person, either such informal leader or some one else, is appointed in a superior capacity, the natural leadership relations change.

Such change occurs in two respects First, when a person is appointed in superior capacity, he gets certain authority from the organisation This authority enables him to increase or decrease the satisfaction of his subordinates Secondly because of appointment, he has the obligation of achieving organisational objectives besides an obligation to provide satisfaction to his subordinates However, an appointed (formal) leader cannot solely rely upon the use of authority for getting desired results from his subordinates because, as discussed earlier, subordinates seldom put maximum effort under the pressure of authority Thus, a chief executive having more authority, but lacking leadership qualities, may be less effective as compared to a foreman with less authority but high degree of leadership qualities Regardless of these differences between formal and informal leaders, however, a leader is able to direct the actions of his followers because they believe he can provide rewards (or prevent penalties) that satisfy their needs

Importance of Leadership

Leadership is an important factor for making organisation successful Here we are more concerned about manager as a leader Without a good leader, organisation cannot function efficiently and effectively Since the organisation is basically a deliberate creation of human beings for certain specified objectives, the activities of its members need to be directed in a certain way Any departure from this way will lead to inefficiency in the organisation Direction of activities in the organisation is effected by the leader Peter Drucker has pointed out that managers (business leaders) are the basic and scarcest resource of any business enterprise [2] The importance of good leadership can be discussed as follows

1 *Motivating employees* As discussed earlier, motivation is necessary for work performance Higher the motivation, better would be the performance A good leader by exercising his leadership motivates the employees for high performance. Good leadership in the organisation itself is a motivating factor for the individuals.

2 *Creating confidence* A good leader may create confidence in his followers by directing them, giving them advice and getting through them good results in the organisation. Once an individual with the help of a leader puts high efficiency, he tries to maintain it as he acquires certain level of confidence towards his capacity Sometimes, individuals fail to recognise their qualities and capabilities to work in the absence of good direction

3. *Building morale* Morale is expressed as attitudes of employees towards organisation, management and voluntary co-operation to offer their ability to the organisation High morale leads to high productivity and organisational stability Through providing good leadership in the organisation, employees' morale can be raised high ensuring high productivity and stability in the organisation

Thus, good leadership is essential in all aspects of managerial functions whether it be motivation, communication or direction. Good leadership ensures success in the organisation, and unsatisfactory human performance in any organisation can be primarily attributed to poor leadership

2 Peter F Drucker, *The Practice of Management*, New York Harper, 1954

LEADERSHIP THEORIES

Many of the research studies, particularly by behavioural scientists, have been carried on to find out the answer of the question . What makes a leader effective ? Is his success due to his personality, or his behaviour, or the types of followers he has, or the situation in which he works, or a combination of all these ? These researchers, however, could not give a satisfactory answer of the question Instead these researches have resulted in various theories or approaches on leadership, the prominent among these being trait theory, behavioural theory, and situational theory Each theory has its own contributions, limitations, assumptions and framework of analysis The understanding of the various theories of leadership will provide a guideline to judge as to how a leader emerges.

Trait Approach

Trait is defined as relatively enduring quality of an individual. The trait approach seeks to determine 'what makes a successful leader' from the leader's own personal characteristics From the very beginning, people have emphasised that a particular individual was successful leader because of his certain qualities or characteristics Trait approach leadership studies were quite popular between 1930 and 1950 The method of study was to select leaders of eminence and their characteristics were studied. It was the hypothesis that the persons having certain traits could become successful leaders Various research studies have given various traits for successful leadership emphasising various aspects of intelligence, attitudes, personality, and biological factors A review of various research studies has been presented by Stogdill[3] According to him, various trait theories have suggested these traits in a successful leader . (*i*) physical and constitutional factors (height, weight, physique, energy, health, appearance); (*ii*) intelligence , (*iii*) self-confidence ; (*iv*) sociability , (*v*) will (initiative, persistence, ambition) ; (*vi*) dominance ; and (*vii*) surgency (talkative, cheerfulness, geniaity, enthusiasm, expressiveness, alertness, and originality). In a later study, Ghiselli has found supervisory ability, achievement motivation, self-actualising, intelligence, self-assurance, and decisiveness as the qualities related with leadership success.[4] One summary of leadership-research found intelligence in ten studies, initiative in six, extroversion and sense of humour in five, and enthusiasm, fairness, sympathy, and self-confidence in four.[5] The various studies show wide variations in leadership traits. The various traits can be classified into innate and acquirable traits, on the basis of their source.

Innate qualities are those which are possessed by various individuals since their birth. These qualities are natural and often known as Godgifted. On the basis of such qualities it is said that 'leaders are born and not made'. These qualities cannot be acquired by the individuals The following are the major innate qualities in a successful leader.

Acquirable qualities of leadership are those which can be acquired and

3 Ralph M Stogdill, 'Personal Factors Associated with Leadership A Survey of the Literature,' *Journal of Psychology,* Jan 1948, pp 35-71

4 E E Ghiselli, *Exploration in Managerial Talents,* Pacific Palisades Goodyear, 1971

5 Joe Kelly, *Organisational Behaviour,* Homewood, Ill , Richard D Irwin, 1974, p 363

increased through various processes In fact, when child is born, he learns many of the behavioural patterns through socialisation and identification processes Such behavioural patterns are developed among the child as various traits over a period of time. Many of these traits can be increased through training programmes Following are some major qualities essential for leadership :

1. *Intelligence* For leadership, higher level of intelligence is required. Intelligence is generally expressed in terms of mental ability Intelligence, to a very great extent, is a natural quality in the individuals because it is directly related with brain. The composition of brain is a natural factor, though many psychologists claim that the level of intelligence in an individual can be increased through various training methods

There are some persons who believe that most of the human qualities are partly natural and partly a matter of acquisition through training; however, the major role in such cases is played by environment and the various training programmes

2. *Emotional Stability.* A leader should have high level of emotional stability. He should be free from bias, is consistent in action, and refrains from anger. He is well-adjusted, and has no anti-social attitudes He is self-confident and believes that he can meet most situations successfully.

3. *Human Relations.* A successful leader should have adequate knowledge of human relations, that is, how he should deal with human beings Since an important part of a leader's job is to develop people and get their voluntary co-operation for achieving work, he should have intimate knowledge of people and their relationship to each other. The knowledge of how human beings behave and how they react to various situations is quite meaningful to a leader.

4. *Empathy* Empathy relates to observing the things or situations from others' points of view. The ability to look at things objectively and understanding them from other's points of view is an important aspect of successful leadership When one is empathetic, he knows what makes the other fellow think as he does, even though he does not necessarily agree with others' thoughts. Empathy requires respect for the other persons, their rights, beliefs, values, and feelings.

5. *Objectivity.* Objectivity implies that what a leader does should be based on relevant facts and information. He must assess these without any bias or prejudice. The leader must base his relationship on this objectivity. He is objective and does not permit himself to get emotionally involved to the extent that he finds it difficult to make an objective diagnosis and implement the action required.

6 *Motivating Skills* Not only a leader is self-motivated but he has requisite quality to motivate his followers. Though there are many external forces which motivate a person for higher performance, there is inner drive in people also for motivation to work. The leader can play active role in stimulating these inner drives of his followers Thus, a leader must understand his people to the extent that he can know how he can activate them

7. *Technical Skills* The leading of people requires adherence to definite

principles which must be understood and followed for greater success. The ability to plan, organise, delegate, analyse, seek advice, make decisions, control, and win co-operation requires the use of important abilities which constitute technical competence of leadership. The varied technical competence of leader may win support from the followers

8 *Communicative Skills* A successful leader knows how to communicate effectively. Communication has great force in getting the acceptance from the receivers of communication. A leader uses communication skilfully for persuasive, informative, and stimulating purposes. Normally a successful leader is extrovert as compared to introvert.

9. *Social Skills* A successful leader has social skills He understands people and knows their strengths and weaknesses. He has the ability to work with people and so conducts himself that he gains their confidence and loyalty, and people co-operate willingly with him.

Though all these qualities contribute to the success of leadership, but it cannot be said for certain about the relative contributions of these qualities Moreover, it is not necessary that all these qualities are possessed by a successful leader in equal quantity This list of qualities may be only suggestive and not comprehensive. Leadership is too nebulous a concept to be definitely identified by listing of its important attributes

Critical Analysis

The trait theory is very simple However, this fails to produce clear-cut results. It does not consider the whole environment of the leadership, of which trait may be only one factor. Moreover, no generalisation can be drawn about various traits for leadership as there were considerable variations in traits established by various researchers. Jennings has concluded, "Fifty years of study has failed to produce a one-personality trait or set of qualities that can be used to discriminate leaders and non-leaders".[6] In brief, this approach presents the following problems :

1. There cannot be generalisation of traits for a successful leader This was evident by various researches conducted on leadership traits

2. No evidence has been given about the degree of the various traits because people have the various traits with different degrees.

3. There is a problem of measuring the traits. Though there are various tests to measure the personality traits, however, no definite conclusion can be drawn

4. There have been many people with the traits specified for leader, but they were not good leaders

This approach, however, gives indication that leader should have certain personal characteristics. This helps management to develop such qualities through training and development programmes

Behavioural Approach

This approach emphasises that strong leadership is the result of effective role behaviour. Leadership is shown by a person's acts more than by his traits

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6 Eugene E Jennings, 'The Anatomy of Leadership', *Management of Personnel Quarterly*, Autumn, 1961

Though traits influence acts, these are also affected by followers, goals, and the environment in which these occur. Thus, there are four basic elements—leaders, followers, goal and environment—which affect each other in determining suitable behaviour. Leadership acts may be viewed in two ways. Some acts are functional (favourable) to leadership and some are dysfunctional (unfavourable). The dysfunctional acts are also important in leadership because they demotivate employees to work together. As such, a leader will not act in this way. The dysfunctional acts are inability to accept subordinates' ideas, display of emotional immaturity, poor human relations, and poor communications [7]

A leader uses three skills—technical, human, and conceptual—to lead his followers Technical skills refer to a person's knowledge and proficiency in any type of process or technique. Human skill is the ability to interact effectively with people and to build team-work. Conceptual skill deals with ideas and enables a manager to deal successfully with abstractions, to set up models and devise plans Behaviour of a manager in a particular direction will make him good leader while opposite of this would discard him as a leader. Setting goals, motivating employees for achieving goals, raising the level of morale, building team spirit, effective communication, etc., are the functional behaviour for a successful leader

The basic difference between trait approach and behavioural approach is that former emphasises some particular trait to be possessed by leader while latter emphasises particular behaviour by him It its true that favourable behaviour provides greater satisfaction to the followers and the person can be recognised as a leader However, this approach suffers from one weakness, that is, a particular behaviour at a time may be effective, while at other times may not be effective This means the time factor becomes a vital element which has not been considered here

Situational Approach

The prime attention in this approach is given to the situation in which leadership is exercised Since 1945, much emphasis in leadership research is being given to the situations that surround the exercise of leadership The contention is that in one situation leadership may be successful while in others it may not

For the first time, this approach was applied in 1920 in armed forces of Germany with the objective to get good generals under different situations Winston Churchill was treated to be most efficient Prime Minister during the Second World War However, he was a flop afterwards when the situation changed. Ohio State University research has given four situational variables that affect the performance of leadership ·

These are :

(*i*) The cultural environment

(*ii*) Differences between individuals

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7 David S Brown · 'Subordinates' Views of Ineffective Executive Behaviour', *Academy of Management Journal,* Dec 1964, pp 288-99

(*iii*) Differences between jobs

(*iv*) Differences between organisations [8]

(*i*) *The cultural environment* Culture is a man-made social system of belief, faith and value. Many aspects of life have a significant influence upon behaviour and any understanding of employee's behaviour requires the understanding of culture in which he lives Culture may interfere with rational production efficiency by requiring actions unnecessary or unrealistic from a rational point of view, but necessary from the cultural point of view. Thus, leadership should be directed to influence behaviour of followers in the context of culture.

(*ii*) *Differences between individuals* Human behaviour is caused by some combination of antecedent factors Besides, for any given aspect of behaviour there may be many contributing factors, not causative in nature. There are a variety of such factors which affect behaviour in different ways such as aptitudes, personality characteristics, physical characteristics, interests and motivation, age, sex, education, experience, etc, Within this framework, individuals in the leadership process may be classified as (*i*) leaders, (*ii*) followers The individual's characteristics affect the leadership process. Thus, some persons may perceive a particular leadership style suitable while others may have a different perception. For example, Sanford has found that followers with authoritarian personality tend generally to be more comfortable where influence is being exercised [9]

(iii) *Differences between jobs* People in the organisation perform different types of jobs. The importance of placing individuals in jobs which they can perform at a satisfactory level stems from four different considerations—economic, legal, personal and social Different job conditions influence leadership behaviour differently. It is because of the fact that demands of job almost inevitably force a leader into certain kinds of activities. Such requirements do much to set the framework within which the leader must operate. It means the number of leadership options available to the individual is thereby reduced.

(*iv*) *Differences between organisations.* Various organisations differ on the basis of their size, age, ownership pattern, objectives, complexity, managerial pattern, cultural environment, etc In different types of organisations, leadership process tends to differ. For example, in military or government administration, leadership behaviour will be different as compared to business organisations.

The situational theory of leadership gives the analysis how leadership behaviour differs with situational variables Thus the question, why a manager in a particular situation is successful while in the other situation is unsuccessful, is answered by this theory. However, this approach is not free from certain limitations which are as follows .

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8 Carroll L Shartle, *etal Patterns of Administrative Performance*, Ohio State University Research Monograph, 1956

9 Fillmore H Sanford, 'Leadership Identification and Acceptance' in Harold Guetzkow, *Groups, Leadership and Men*, 1951, p 162

(*i*) This theory emphasises leadership ability of an individual in a given situation Thus, it measures his present leadership potentialities. Whether this individual will fit in another situation is not answered by this theory.

(*ii*) Organisational factors become helpful or constraints to a great extent to an individual leader in exercising his leadership Thus, it is difficult to measure his personal abilities as a good leader

(*iii*) The theory does not emphasise the process by which good leaders can be made in the organisation. Thus, it puts a constraint over leadership development.process

Eclectic Approach

Sanford[10] has developed the eclectic approach to leadership. He contends that leadership depends upon traits of leader, situational variables and type of followers. As such, these three factors should be integrated to study leadership pattern In fact, this is not a new theory but integration of various theories An analysis of various theories shows that a single theory does not satisfiy the problem of leadership Thus, problem is solved by integrating them From this point of view eclectic approach is nearer to realism and answers the question · how leadership develops However, since there is nothing new in the theory, this has not acquired any importance ?

LEADERSHIP STYLES

Leadership styles are the patterns of behaviour which a leader adopts in influencing the behaviour of his followers (subordinates) in the organisational context. These patterns emerge in the leader as he begins to respond in the same fashion under similar conditions , he develops habits of actions that become somewhat predictable to those who work with him There are many dimensions of leadership styles power dimension where superior uses varying degree of authority , orientation—employee or task-oriented ; motivational—where superior affects the behaviour of his subordinates either by giving a reward or by imposing a penalty All these styles are leader of oriented There may be situations and follower-oriented styles However, such a classification may not be strict because in a particular classification, some elements of other classification may appear The availability of the various styles suggests that there cannot be a single best style which can always be adopted

Autocratic-Participative-Free-rein Leadership

According to this dimension, there are three leadership styles ·

1. Autocratic leadership
2. Participative leadership
3 Free-rein leadership.

Autocratic Leadership This is also known as authoritarian, directive or monothetic style In autocratic leadership style, a manager centralises decision-making power in himself. He structures the complete work situation for his employees and they do what they are told Here, the leadership may be

10 Fillmore H Sanford *Current Trend Psychology in the World Emergency*, 1952

negative because followers are uninformed, insecure, and afraid of leader's authority. There are three categories of autocratic leaders.

(*a*) *Strict autocrat.* He follows autocratic styles in a very strict sense. His method of influencing subordinates' behaviour is through negative motivation, that is, by criticising subordinates, imposing penalty, etc

(*b*) *Benevolent autocrat.* He also centralises decision-making power in him, but his motivation style is positive. He can be effective in getting efficiency in many situations Some people like to work under strong authority structure and they derive satisfaction by this leadership.

(*c*) *Incompetent autocrat.* Sometimes, superiors adopt autocratic leadership style just to hide their incompetency, because in other styles they may be exposed before their subordinates. However, this cannot be used for a long time.

The main advantages of autocratic technique are as follows :

(*i*) There are many subordinates in the organisation who prefer to work under centralised authority structure and strict discipline. They get satisfaction from this style.

(*ii*) It provides strong motivation and reward to a manager exercising this style

(*iii*) It permits very quick decisions as most of the decisions are taken by a single person

(*iv*) Less competent subordinates also have scope to work in the organisation under his leadership style as they do negligible planning, organisation and decision-making

There are many disadvantages also :

(*i*) People in the organisation dislike it specially when it is strict and the motivational style is negative.

(*ii*) Employees lack motivation Frustration, low morale, and conflict develop in the organisation jeopardising the organisational efficiency.

(*iii*) There is more dependence and less individuality in the organisation As such, future leaders in the organisation do not develop.

Considering the organisational efficiency and employees' satisfaction, autocratic style generally is not suitable.

Participative Leadership This style is also called democratic, consultative or ideographic A participation is defined as mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share responsibility in them A participative manager decentralises his decision-making process. Instead of taking unilateral decision, he emphasises consultation and participation of his subordinates. Subordinates are broadly informed about the conditions affecting them and their jobs. This process emerges from the suggestions and ideas on which decisions are based The participation may be either real or pseudo. In the case of former, a superior gives credit to subordinates' suggestions and ideas in taking the decisions while in the case of latter the superior preaches participation in theory, but really he does not prefer it in practice.

There are various benefits in real participative management. These are as follows

(*i*) It is a highly motivating technique to employees as they feel elevated when their ideas and suggestions are given weight in decision-making.

(*ii*) The employees' productivity is high because they are party to the decision Thus, they implement the decisions whole-heartedly

(*iii*) They share the responsibility with the superior and try to safeguard him also As someone has remarked, 'The fellow in the boat with you never bores a hole in it' is quite applicable in this case too

(*iv*) It provides organisational stability by raising morale and attitudes of employees high and favourable Further, leaders are also prepared to take organisational positions.

Keeping in view these advantages, management makes attempts for effective participation The common methods adopted are democratic supervision, production, committees, suggestions programmes and multiple management However, this style is not free from certain limitations which are as follows

(*i*) Complex nature of organisation requires a thorough understanding of its problems which lower level employees may not be able to do As such, participation does not remain meaningful.

(*ii*) Some people in the organisation want minimum interaction with their superiors or associates For them, participation technique is discouraging instead of encouraging.

(*iii*) Participation can be used covertly to manipulate employees. Thus, some employees may prefer the open tyranny of an autocrat as compared to covert tyranny of a group

Free Rein Free rein or *laissez-faire* technique means giving complete freedom to subordinates In this style, manager once determines policy, programmes and limitations for action and the entire process is left to subordinates Group members perform everything and the manager usually maintains contacts with outside persons to bring the information and materials which the group needs.

This type of style is suitable to certain situations where the manager can leave a choice to his group This helps subordinates to develop independent personality However, the contribution of manager is almost nil It tends to permit different units of an organisation to proceed at cross-purposes and can degenerate into chaos. Hence, this style is used very rarely in business organisations

Leadership as a Continuum

There are, in fact, a variety of styles of leadership behaviour between two extremes of autocratic and free-rein Tannenbaum and Schmidt[11] have depicted a broad range of style on a continuum moving from authoritarian leadership behaviour at one end to free-rein behaviour at the other end as shown in Fig. 14 1

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11 Robert Tannenbaum and Warren H Schmidt 'How to Choose a Leadership Pattern, *Harvard Business Review*, May-June 1973, pp 162-80

This figure shows that the total area of freedom shared by manager and non-manager is constantly redefined by interaction between them and the forces in the environment. The arrows indicate the continual flow of interdependence influence among systems and people. The point on the continuum designate the types of manager and manager's behaviour that become possible with any given amount of freedom available to each. This continuum is complex and dynamic reflecting the organisational and societal realities

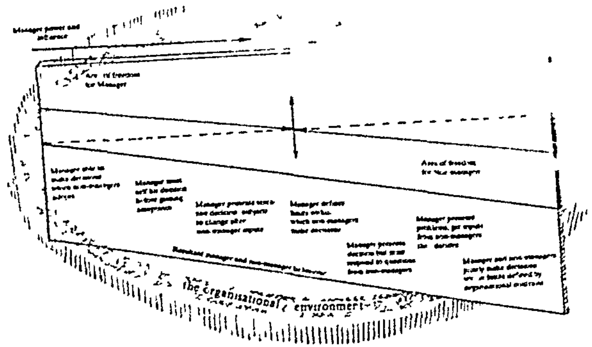


Fig 14 1 Continuum of manager-non-manager behaviour

The left side shows a style where control is maintained by a manager and the right side shows the release of control. However, neither extreme is absolute and authority and freedom are never without their limitations.

Thus, a question is pertinent. At which point along with the continuum should a manager adopt his behaviour ? In fact, there is no readymade answer, but it depends upon three particulars :

1. Forces in manager, that is, his value system, his confidence in his subordinates, his own leadership inclinations, and his feeling of security in an uncertain situation ,

2 Forces in subordinates, that is, their need for independence, readiness to assume responsibility for decision-making, level of tolerance for ambiguity, understanding and identifying organisational goals, interest in the problem, knowledge and experience to deal with the problems and learning to expect to share in decision-making

3 Forces in the situation, that is, type of organisation, group effectiveness, the problem itself and the pressure of time. Organisations do not exist in vacuum, but are affected by changes that occur in the society Thus, there would be more factors in situational variables affecting the leadership pattern These forces lie outside the organisation interacting continuously with the organisational environment

A successful leader is one who is keenly aware of those forces which are more relevant to his behaviour at any given time He accurately understands himself, the individuals and the group he is dealing with, and the organisation and the broader social environment in which he operates However, merely understanding these factors correctly is not enough but he can be successful only when he is able to behave appropriately in the light of these perceptions and understanding Thus, the authors have observed, "the successful manager of men can be primarily characterised neither as a strong leader nor as a permissive one Rather he is one who maintains a high batting average in

Table 14 1 Likert's Systems of Management Leadership

Leadership variable	System 1	System 2	System 3	System 4
Trust and confidence in Subordinates	Has no trust and confidence in subordinates	Have condescending confidence and trust in subordinates, such as master has to servant	Substantial but not complete confidence and trust, still wishes to keep control of decision	Complete confidence and trust in all metters.
Subordinates' feeling of freedom	Subordinates do not feel at all free to discuss things about the job with their superior.	Subordinates do not feel very free to discuss things about job with their superior.	Subordinates feel rather free to discuss things about the job with their superior.	Subordinates feel completely free to discuss things about the job- with their superior.
Superior seeking involvement with subordinates	Seldon gets ideas and opinions of subordinates	Sometimes gets ideas and opinions of subordinates problems.	Usually gets ideas and in solving job problems use of them	Always gets ideas and tries to make constructive tries to make constructive use of them.

(Adapted from Rensis Likert, The Human Organisation, New York : McGraw-Hill, 1967, p 4)

accurately assessing the forces that determine what his most appropriate behaviour at any given time should be and in actually being able to behave accordingly. Being both insightful and flexible, he is less likely to see the problem of leadership as a dilemma."[12]

Likert's Management System

Rensis Likert and his associates of University of Michigan, U S A., have studied the patterns and styles of managers for three decades and have developed certain concepts and approaches important to understanding leadership behaviour. He has given a continuum of four systems of management as presented in Table 14 1. (In his management systems, Likert has taken seven variables of different management systems. These variables include leadership, motivation, communication, interaction influence, decision-making process, goal-setting and control process Here partial table showing leadership process is presented on p. 274.

Likert's four systems of management in terms of leadership styles may be referred to as exploitative autocratic (system 1), benevolent autocratic (system 2), participative (system 3), and democratic (system 4) Likert, on the basis of intensive research, has shown that high producing departments in several organisation studies are marked by system 4 (democratic) He ascribes this mainly to the extent of participation in management and the extent to which the practice of supportive relationship is maintained He states that leadership and other processes of the organisation must be such as to ensure a maximum probability that in all interactions and in all relationships within the organisation, each member in the light of his background, values, desires, and expectations, will view the experience as supportive and one which builds and maintains his sense of his personal worth and importance [13]

Likert has also isolated three variables which are representative of his total concept of system 4 These are : (*i*) the use of supportive relationship by managers ; (*ii*) the use of group decision-making and group methods of supervision ; and (*iii*) his high performance goals

Employee-Production Orientation

In the studies of the Survey Research Centre at the University of Michigan, U.S.A., an attempt was made to study the leadership behaviour by locating clusters of characteristics that seemed to be related to each other and various indicators of effectiveness The studies identified two concepts which were called employee-orientation and production-orientation [14] The employee-oriention stresses the relationship aspects of employees' jobs It emphasises that every individual is important and takes interest in every one, accepting their individuality and personal needs. This is parallel to democratic concept of leadership behaviour Production-orientation emphasises production and technical aspects of jobs and employees are taken as tools for accomplishing the jobs This is parallel to the authoritarian concept of leadership behaviour

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12 R Tannenbaum and A Schmidt, p 180

13 Likert, *Op cit*, p 47

14 Daniel Katz et at *Productivity, Supervision, and Morale in Office Situation*, Ann Arbor Survey Research Centre, University of Michigan 1950

Almost at the same time, the leadership studies initiated by the Bureau of Research at Ohio State University attempted to identify various dimensions of leader behaviour. Such studies identified two dimensions : initiating structure and considerations[15] Initiating structure refers to the leader's behaviour in delineating the relationship between himself and members of the work group and in endeavouring to establish well-defined patterns of organisation, channels of communications refers to behaviour indicative of friendship, mutual trust, respect, and warmth in the relationship between the leader and the members of his staff[16] The research studies also show that initiating structure and consideration are two separate distinct dimensions and not mutually exclusive A low score on one does not necessitate high score on the other. Thus, leadership behaviour can be plotted on two separate axes rather than on a single continuum as shown in Fig. 14 2.

High Consideration and Low Structure	High Structure and High Consideration
Low Structure and Low Consideration	High Structure and Low Consideration

Fig 14 2 The ohio State leadership quadrants

The four quadrants show various combinations of initiating structure and consideration. In each quadrant, there is a relative mixture of initiating structure and consideration and a manager can adopt any one style.

Managerial Grid

One of the most widely known approaches of leadership styles is the managerial grid developed by Blake and Mouton[17] They emphasise that leadership style consists of factors of both the task-oriented and relation-oriented behaviour in varying degrees. Their 'concern for' phrase has been used to convey how managers are concerned for people or production, rather than 'how much' production getting out of group. Thus, it does not represent real production or the extent to which human relationship needs are being satisfied Concern for production means the attitudes of superiors towards a variety of things, such as, quality of policy decisions, procedures and processes, creativeness of research, quality of staff services, work efficiency, and volume of output. Concern for people includes degree of personal commitment toward goal achievement, maintaining the self-esteem of workers, responsibility based on trust, and satisfying inter-personal relations. The managerial grid

15 Roger M Stogdill and Alvin E Coons, *Leader Behaviour Its Description and Measurement*, Ohio . The Ohio State University, 1957

16 *Ibid*

17 R R Blake and J S Mouton *The Managerial Grid*, Houston Gulf Publishing, 1964

identifies five leadership styles based upon these two factors found in organisations, as shown in Fig 14.3 :

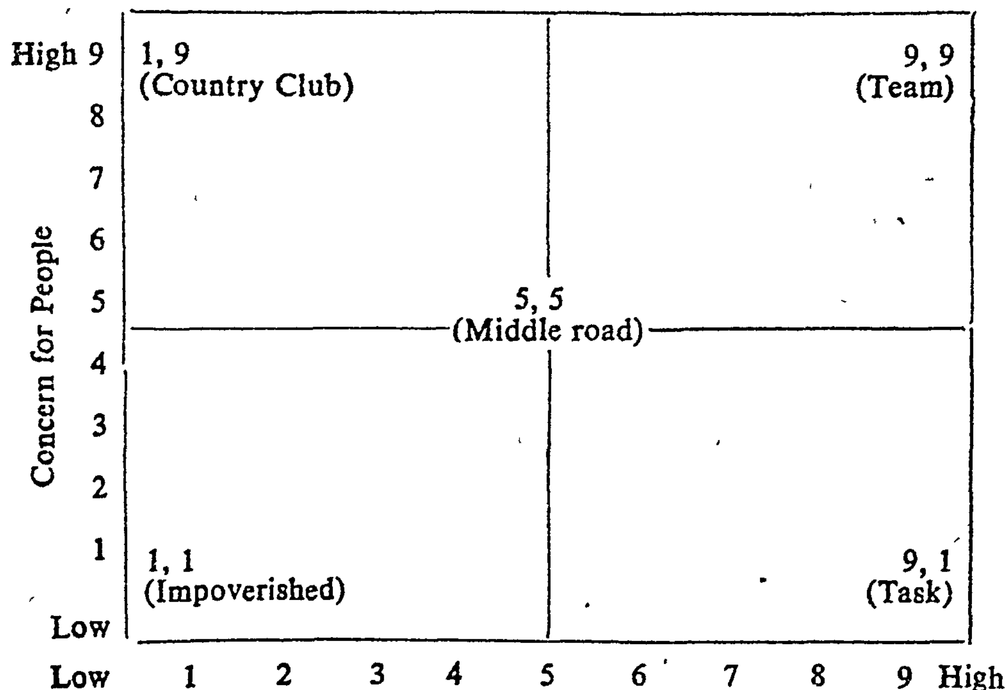


Fig 14.3 The Managerial grid

Blake and Mouton have described the five styles as follows :

1, 1. Exertion of minimum effort is required to get work done and sustain organisation morale :

1, 9. Thoughtful attention to needs of people leads to a friendly and comfortable organisation atmosphere and work tempo ;

9, 1. Efficiency results from arranging work in such a way that human elements have little effect ;

5, 5. Adequate performance through balance of work requirements and maintaining satisfactory morale ;

9, 9. Work accomplished is from committed people with interdependence through a common stake in organisation purpose and with trust and respect.

Each style points out the relative contents of concern for production or people and implies that the most desirable leader behaviour is 9, 9 (maximum concern for production and people). In fact, Blake and Mouton have developed training programmes that attempt to change managers towards 9, 9 management style. Managerial grid is very much similar to production-people orientation style as given by Ohio State University However, there is one basic difference between the two. In managerial grid 'concern for' is a predisposition about something or an attitudinal model that measures the predisposition of a manager, while Ohio State framework tends to be a behavioural model that examines how leader actions are perceived by others.

Managerial grid is a useful device to a manager for identifying and classifying managerial styles It helps him understand why he gets the reaction that he does from his subordinates. It can also suggest some alternative styles

that may be available to him. However, it does not tell why a manager falls in one part or the other of the grid. What a manager's style is will be influenced by many factors, including the superior, the kind of subordinates he supervises, and the situation in which he finds himself. In managerial grid, although the four corners and the mid-point of the grid are emphasised, these extreme positions are rarely found in their pure form in working conditions. In other words, a manager would more likely have a style of 8, 2 or 4, 6 or some such thing. Nevertheless, managerial grid is widely used throughout the world as a means of managerial training and of identifying various combinations of leadership styles

Tridimensional Grid

Reddin conceptualised a three-dimensional grid, also known as 3-D management, borrowing some of the ideas from managerial grid.[18] Three dimensional axes represent task-orientation, relationship-orientation, and effectiveness. By adding an effectiveness dimension to the task-oriented and relationship-oriented behaviour dimensions, Reddin has integrated the concepts of leadership styles with the situational demand of a specific environment.

Task orientation (T O) is defined as the extent to which a manager directs his subordinates' efforts towards goal attainment. It is characterised by planning, organising, and controlling Relationship orientation (R O) is defined as the extent to which a manager has personal relationships. It is characterised by mutual trust, respect for subordinates' ideas and suggestions, and their feelings Effectiveness is defined as the extent to which a manager is successful in his position. When the style of a leader is appropriate to a given situation, it is termed as effective; when the style is in appropriate to a given situation, it is termes as ineffective. Thus, the difference between effective and ineffective styles is often not the actual behaviour but the appropriateness of the behaviour to the environment in which it is used

Either degree of TO or RO, or a combination of both, is used by leaders On this basis, basically there are four styles as shown in Fig 14·4 :

R O	Related	Integrated
	Separated	Dedicated
	T O	

Fig 14 4 Task and relationship orientation
(Adapted from W.J Reddin *Op Cit*, p 12)

These four styles represent four basic types of behaviour. The separated manager is concerned with correcting deviations. He writes rules and policies and enforces them The related manager accepts others as he finds them , does not worry about time, sees the organisation as a social system, likes to work with others, and obtains co-operation of others by setting examples. Dedicated

18. W. J Reddin, *Managerial Effectiveness*, New York McGraw-Hill, 1970

manager is domineering, interested only in production, and does not identify with subordinates. He cannot work without power. The integrated manager gets himself and his people involved with the organisation. There is free two-way communication and strong identification and emphasis on team work. Any of the styles can be effective in some situations but not in others Thus, each one of these styles has a less effective as well as a more effective equivalent as shown in Fig. 14.5 :

Basic style	*Less effective style*	*More effective style*
Integrated	Compromiser	Executive
Dedicated	Autocrat	Benevolent Autocrat
Related	Missionary	Developer
Separated	Deserter	Bureaucrat

Fig 14 5 More and less effective styles
(Adapted from *Ibid*, p 13)

Thus the four basic styles result into eight styles These eight styles result from the eight possible combinations of task-orientation, relationship-orientation, and effectiveness as shown in Fig. 14·6 :

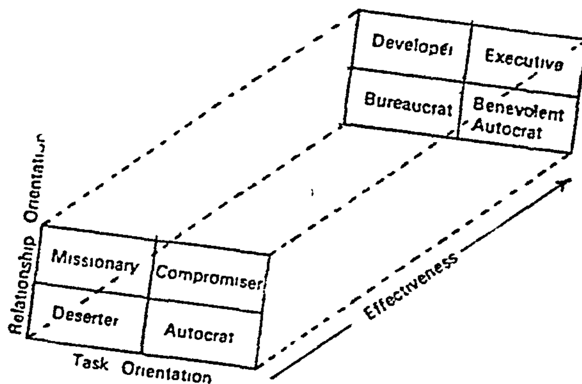


Fig 14·6 Tridimensional grid
(Adapted from *Ibid*, p 13)

According to this, following are ineffective styles ;

1. *Deserter.* He has both low task and low people orientation and is completely alienated from organisational life ; avoids involvement ; does not want to take responsibility and has low commitment ; and believes in minimal output and works to rule.

2 *Missionary.* He shows only interest in harmony ; believes in easy life, avoids conflicts ; and does not take initiative. His objective is to keep his colleagues, subordinates, and superiors happy.

3. *Autocrat* He is concerned with only the immediate jobs and has no concern for others ; his decisions are unilateral and centralised ; believes

in suppressing and demands obedience of authority; relies more on negative motivation.

4. *Compromiser.* He uses a high task and relationship orientation in a situation that may not require a high concentration in either ; is a poor decision-maker and avoids decisions , is weak and yielding, allows various pressures in the situation to influence him too much.

The four corresponding effective styles are as follows :

5 *Bureaucrat.* He has high orientation towards organisational rules and regulations; is impersonal and less task and relationship-oriented; produces only few ideas and does not take initiative

6. *Developer* He tends to display implicit trust in people ; relies on high relationship orientation and less task orientation ; believes in commitment to work, openness, freedom to act, self-expression, and development of subordinates.

7. *Benevolent Autocrat* He is a directive manager who knows what he wants and one often gets it without creating resentment ; is high task and less people oriented ; adopts positive economic motivation for getting things done and follows feudalistic approach in managing the organisation.

8 *Executive* He has a high task and high relationship orientation in a situation where such behaviour is appropriate ; emphasises team management, task is regarded as interdependent and intergerated The style acts as a powerful motivational instrumental in the organisation This is a democratic leadership style.

The three-dimensional model recognises that a manager may use more than one style, and no single style is suggested to be appropriate in all situations. This gives a clear picture of the managerial world. It is assumed that all the styles have an equal chance of occurring and, thus, if a sufficiently larger number of managers in a sufficiently diverse number of situations are tested, an equal number of each style would be obtained.

Fiedler's Contingency Model

Taking the cue from the situational approach of leadership that any one of the single style cannot be considered suitable for all situations and for all kinds of subordinates, Fiedler developed a contingency model of leadership assuming that the effectiveness of the leadership is based on his ability to act in terms of situational requirements [19] To approach his study, Fiedler postulated two major styles of leadership · human relations style is oriented primarily towards achieving good interpersonal relations and towards achieving a position of personal prominence Task-directed style is primarily concerned towards achieving task performed Fiedler feels that 'the group performance will be contingent upon the appropriate matching of leadership style and the degree of favourableness of the group situation for the leader, that is, the degree to which the situation provides the leader with influence over his group members.[20]

Favourableness of situation has been defined as the degree to which a

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19 Freed E Fiedler, *A Theory of Leadership Effectiveness,* New York McGraw-Hill, 1967
20 *Ibid* p 151

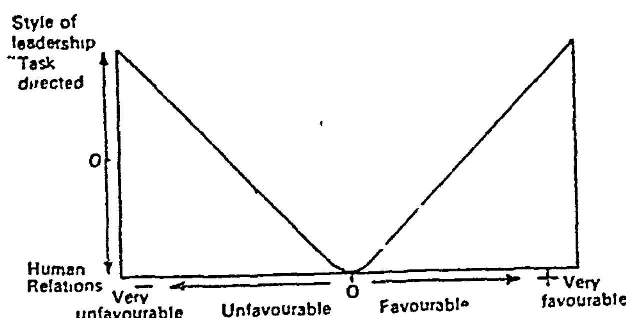
given situation enables the leader to exert influence over a group. He has identified three dimensions of favourableness of situation :

1. The leader-member relationship, which is the most critical variable in determining the situation's favourableness.

2. The degree of task structure, which is the second most important input into the favourableness of situation ; and

3. The leader's position power obtained through formal authority, which is the third most critical dimension of the situation.[21]

Situations are favourable if all the three dimensions are high if the leader is generally accepted by his followers; if the task is very structured, and if a great deal of authority is formally attributed to the leader's position, the situation is very favourable. If the opposite exists, the situation is very unfavourable to the leader. Fiedler identifies the relationship between leadership style and favourableness of situations as shown in Fig. 14 7 :



Favourableness of the situation.
Fig 14 7. Fiedler model of leadership
(Adapted from Fiedler, *Op cit.*, p 142.)

The figure shows that :

1. Task-oriented leaders tend to perform best in group situations that are either very unfavourable or favourable to the leader.

2. Human relations-oriented leaders tend to perform best in situations that are intermediate in favourableness

The model potentially has many significant implications for managers. It indicates that leadership effectiveness depends upon the various elements in the group environment. Thus the effectiveness of the group performance can be affected by changing the leadership style for the situtation in accordance with the described relationships. This also helps in designing the selection and training programmes for managers to be suitable for given situations

Fiedler's model, however, seems to be reverting back to a single continuum of leadership style, suggesting that there are only two basic leadership styles , while most studies indicate that leadership styles can be plotted on

21 *Ibid*, p 143

two axes. thus, it is not necessary that a leader who is high on one dimension, is low on other dimension. Rather, a combination of the two is found.

Successful Leadership Vs. Effective Leadership

An individual attempts to affect the behaviour of another through the exercise of leadership. The response of the other person (subordinate) may be either compatible with the expectations of the leader or otherwise Further the compatible response may be the result of either the impact of leader's appropriate style or because of position power. In the case of former the leader is effective as subordinate sees his own needs being accomplished by satisfying the goals of the organisation and the leader. In the latter case, the leader is successful in getting compatible behaviour but this he has done because of his position. In this case, the leader is successful but not effective. Thus, a distinction can be made between successful and effective leadership.

Success has to do with how the individual or group behaves ; effectiveness describes the internal shape or predisposition of an individual or a group and thus is attitudinal in nature. An individual interested only in success tends to emphasize his position power and uses close supervision. On the other hand, if he intends to be efffective, he will depend on his personal power characterised by more general supervision. The position power can be delegated downward in the organisation ; the personal power cannot be delegated, but is generated upward from below through follower acceptance. The successful or effectiveness is not 'either or' position, however, rather these can be in the form of a continuum ranging from very successful to very unsuccessful or very effective to very ineffective as shown in the following figure :

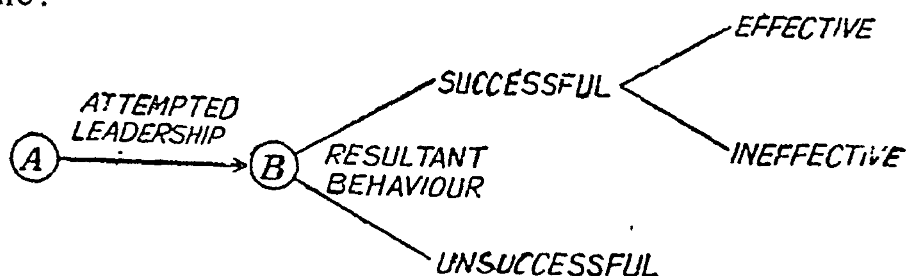


Fig 14 8 Successful and effective leadership continuums

Thus, a manager can be successful but ineffective having only a short-run influence over the behaviour of others On the other hand, if a manager is both successful and effective, his influence tends to lead to long-run productivity. However, it should be emphasised that successful and effectiveness framework is a way of evaluating the response to a specific behavioural response and not of evaluating performance over time. Total performance is the result of a host of factors and not of leadership alone, hence can be evaluated in the light of these factors

LEADERSHIP STYLES IN INDIAN ORGANISATIONS

In the first instance, Indian management is generally believed to be autocratic with subordinates closely supervised by their superiors and only a limited degree of participation is allowed to the subordinates In many proprietary organisations, a certain amount of the paternalistic attitude, prevails As contrast to these, there are many organisations which put high

emphasis on supportive leadership. Thus, the total position appears to be a mixture, and the real situation in this context can be appreciated only when a detailed account of various practices is taken for consideration Fortunately, some empirical studies are available in this context which do not necessarily support the traditional view rather they present a mixed note. Myers,[22] from his interview with industrialists, government officials, labour leaders, and managers in both Indian and foreign owned organisations, concludes that barring a few, most Indian top managers are relatively authoritarian in their relationships with lower management and labour. Similar result has also been highlighted by Ganguli[23] in his study of leadership behaviour in a State-owned engineering company. Rangaswamy[24] in his study of leadership behaviour of 56 top level managers have found that Indian managers are more employee-oriented as compared to their American counterpart. Though this result is quite unexpected, he explains that this is due to Indian cultural and religious pattern which influences towards helpfulness and peaceful co-operation

Some other studies analyse the leadership behaviour taking different variables affecting leadership pattern. In a study of leadership styles along with delegation of authority of 123 executives at various levels of management from two private and two public sector companies, Elhance and Agarwal[25] conclude that 67 per cent executives in private sector and 57 per cent of them in public sector units have democratic leadership style The study of 280 managers from 2 public sector units and 4 private sector units by Singh and Das[26] shows that bureaucratic style is the most predominant followed by the benevolent autocrat, developer and democratic in that order. Further, the leadership style is associated with the type of organisations, executives' age-group, their level in the organisation and their exposure to management programmes. Thus, in public sector, bureaucratic style is followed by compromiser, developer, and autocratic in that order. The process of democratisation of the work culture, group functioning and team management is not pronounced. In private sector, benevolent autocracy is the most pronounced style, followed by the bureaucratic, democratic, and developer. Levelwise, top level managers are more benevolent autocrat followed by democratic and developer, while middle and lower level managers are more bureaucratic followed by benevolent autocrat Age-wise, aged managers are more benevolent autocratic, followed by developer, bureaucratic and democratic , younger executives are more democratic followed by benevolent autocratic and bureaucratic The executives who are exposed to some formal management education are more democratic as compared to those who do not have such expossure

22 C A. Myers, *Industrial Relations in India*, 1960, p 180

23 H C Ganguli, *Structure and Process of Organisation*, Bombay Asia Publishing, 1964

24 G Rangaswamy and D Helmick, 'A Comparative Study of Indian and American Executives' Leadership Styles', *Indian Administrative and Management Review*, July-Sept 1976

25 D N Elhance and R D Agarwal, *delegation of Authority*, Bombay Progressive, 1975

26 P. Singh and G S Das, 'Management style of Indian Managers--A profile' *ASCI Journal of Management*, Sept 1977.

private sector owned by Indians or by multinationals who have appreciable degree of participation or democratic leadership. The reason is that multinationals do not bring only their technology but also the work culture which is more permissive and conducive towards the application of modern approach of management. As such, the degree of participation is greater in such organisations. For example, ITC Limited believes that best results are achieved through participative management accompanied by candour because this style of management ensures involvement and commitment However, participative management does not imply elimination of authority and control. The third category of organisations are in public sector Here, bureaucratic style is more prevalent owing to the work culture inherited by public sector managers Initially, public sector organisations were manned by civil servants who brought a lot of bureaucratic culture with them The net result is that the entire organisational processes are governed by bureaucratic model Its implication is status differentials, class distinctions, and impersonal relationships which work against participative style

The Right Style

What is a right leadership style for Indian managers is a difficult question to be answered. One often comes across a futile search for a style appropriate for Indian managers.[30] There are numerous variables which affect the leadership style. Thus, what may appear to be an effective leadership style for a manager, may not be equally appropriate to others The important variables in this context are superiors, subordinates, and the situation under which a particular style is followed as discussed in Chapter 9. The analysis of these variables may throw some light upon the adoption of appropriate style

1. *Indian Society* Indian society is generally considered to be a traditional one. In such a society, power and authority is considered an important characteristic There are three important aspects of Indian society, *viz*, joint family, caste system, and ritualism. The indications are that various managers are aware of this fact and they adopt their styles in accordance with these situational variables For example, Kalra[31] has studied the pattern of styles of 70 managers and has found that most of the managers have their leadership behaviour guided by the situations in their organisations Gupta[32] has concluded that the approach that a leader adopts is often contingent upon the culture within the organisation, his confidence in his own plans and the probability of success, and the relative importance of task undertaken Thus, the appropriate style for a manager will be one which fulfils the demands of the situation Thus, there can be a variety of leadership styles. However, this is not sufficient to say that style should match the situation, it requires a further prescription in the form of situation and contingent styles, which requires the analysis of various factors involved The values inherent in the joint family are responsible for generating authoritarian attitudes Respect for power and authority is instilled by the family system beginning in childhood, with

30 A Ray The Indian Manager in $earch of a Style, *Economic and Political Weekly*, 1970

31 H K. Kalra, *[illegible] ...ip Styles of Executives in Indian Enterprises* Un-published Research Report, Ludh[illegible] ...njab Agricultural University, 1980

32. [illegible] ...yles, *Business India*, April, [illegible]

the head of the family exercising absolute authority over other members of the family. It is believed that this respect for authority spreads through every type of social system including work organisations. The authority of superiors at workplace was specially exaggerated during the British colonial period when British superiors exhibited a high degree of authority in their behaviour towards Indian subordinates Similarly, caste system also works toward authoritarian approach Sometimes, the caste system is emphasised so much that it creates conflicts between two different castes Besides, there are many rituals in the Indian society They reduce anxiety, like other 'given' ways of doing things provided by tradition and society. Rituals help in the smooth functioning of a system or an organisation, and reduce anxiety and tension relating to new situations They also prevent the development of the exercise of discretion and the power of decision-making in situations of uncertainty.

The above discussion does not mean that traditionalism is the only guiding force in our society The industrialisation has entailed many changes in the social and cultural life of the people The rituals that society had developed to deal with the problems of growth and to cope with the anxiety and tension are no longer appropriate in a technological change. In industrial society the rate of change is very high Its implication for managers is living in an environment which is full of changes and uncertainty. Such circumstances demand greater consultation and participation on the part of managers. Thus, the changing situation is more suitable for participative style

2. *Indian Managers* There is no uniformity in the attitude, personality, and educational background of Indian managers. We find the just literate top managers along with fully qualified professional managers Naturally, leadership style may present two extreme ends The former group of managers perceive themselves self-developed and self-contained. As such they present very little scope for participation. On the other hand, young professional managers have more interdependence and apply more integrated approach Hence, they are likely to follow and expect of others a more democratic approach. The satisfaction of such managerial class seems to depend on the degree of responsibility, trust, etc They are prepared to delegate, train, and be employee-oriented but find organisational climate inhibiting such orientation.

Considering these variables, the appropriate style may be near-participative leadership. A manager should not necessarily adopt his style for the present situation only, but he ought to look into future too Many of the restraining forces for participation may be subsided by the facilitating forces There are certain perceptible changes – changes that require greater participation Unionism at work-place, professionalisation of management, rapid industrial growth and technological changes demand for more autonomy and inter-disciplinary approach by new generation and democratic way of living have demanded more participation Therefore, a move towards participative style has already begun in enlightened companies in India. There are various such organisations in public sector and private sector in India following such style Situations prone to authoritarian may be only to the tune of 20 per cent Abnormal situation may exist only to the tune of 10 per cent. So,

a manager should go for 80-90 per cent cases [33] However, it should not be taken for granted that this style may be suitable in all circumstances A particular style requires work culture. Looking into the future, work culture may be changed to suit participative style because authoritarian work culture is unlikely to succeed in the future. Technological advancement, industrialisation, and policies of the government have already started the process of change where autocratic style, particularly the strict one, is unlikely to succeed The nature of tasks requiring interdisciplinary approach, increasing amount of professionalisation of management with the entry of management graduates having sufficient degree of exposure not only to the management techniques but also towards behavioural approach, and increasing importance of the younger generations in the family matters are likely to create work culture where more accent will be needed on participation, rather than unilateral decisions. However, it does not mean that managers should follow participative styles without considering the total situations.

DISCUSSION QUESTIONS

1 'A good leader is not necessarily a good manager' Discuss

2 'A leader is developed and not born' Do you agree with this ? Explain with reasons

3 'A great deal of thought has been given to explain leadership phenomenon in organisations, but still no universally accepted theory of leadership has emerged' Why ?

4 In what sense are the trait and behavioural approaches to study successful leadership 'two sides of the same coin' ? How are the two approaches essentially different ?

5 Examine the different approaches to the study of leader behaviour Is there a best style?

6 What do you understand by leadership style ? How will you secure effective leadership in the management of an organisation ?

7. 'It is said that effectiveness results from a leader using a behavioural style that is appropriate to the demands of the environment Therefore, the key for managers or leaders is learning to diagnose their environment' What are some of the variables that you would analyse in diagnosing the environment for this purpose ?

8 Identify Likert's management systems Which is the best leadership and why ?

9 Bring out the relationships and differences between Ohio State Leadership Studies and Blake and Mouton's Managerial Grid

10 What is tridimensional grid ? What are successful leadership styles ?

11 Critically examine Fiedler's contingency model of leadership effectiveness Is there a distinction between effective and successful leadership ?

12 What kinds of modification in leader behaviour are indicated when subordinates are *(i)* more colleagues than task-group or of professional stature, and when *(ii)* group formation opportunities are minimal and relationships tend to form on individual bases ?

13 Examine the leadership styles being followed by Indian managers Can you suggest a right style ?

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33 P Singh and G S Das, *Op cit*

15

Communication

Theme

To understand basic process of communication for affecting human behaviour in the organisation

To understand communication phenomenon in Indian organisations for making reference of specific problems

To understand basic problems involved in communication so that it can be made effective.

It is an obvious fact that communication is such a vital part of each of us that it contributes heavily to the success or failure of every human activity. It is hard to name a human activity in which communication does not play an important role. But such a statement has to be even more true in formal organisations in which people assemble to achieve their common objectives through their coordinated efforts. Individuals in the organisation may perform different activities but they are functionally interrelated. The working and maintenance of these relationships is possible only through communication which provides for exchange of information and sharing of ideas. Communication becomes a necessary element in human relationships by providing the foundation for human interaction. Communication, thus, may be regarded as basic to the functioning of the organisation. In its absence, the organisation would cease to exist. This chapter discusses the various aspects of communication so that suitable action can be taken to make it effective in the organisation.

Concept of Communication

There is wide disagreement among communication theorists in respect of the definition of communication. Dance has analysed ninety-five definitions of communication and has arrived at the conclusion that the concept of communication as reflected in these definitions is too loose and even includes contradictory components so as to make the precise definition of communication very difficult [1] However, from management point of view, communication may be defined as follows :

Communication is the process through which two or more persons come to exchange ideas and understanding among themselves.

This definition involves three aspects in communication. First, there is something which is transmitted such as information, ideas, feelings, etc., which is the subject-matter of communication. However, this subject-matter

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1 F E X Dance, "The Concept of Communication", *Journal of Communication*, Vol 20, 1970, pp 201-210

itself is not communication as is understood sometimes but is only an element of communication process Second, in order that the process of communication is completed, two parties are involved : the sender of the subject-matter of communication and its receiver. The sender of the message must consider the receiver both while structuring his message from a technical standpoint as well as in delivering it When the receiver is not considered, either there is no response or there is wrong response. Third, there is an element of understanding in communication. Sharing of understanding is possible only when the person to whom the message is transmitted, understands it in the same sense in which the sender of the message wants him to understand Thus, communication involves something more than mere transmission of message or transmission and physical receipt thereof The correct interpretation and understanding of the message is important from the point of view of organisational effectiveness The greater the degree of understanding, the more is the likelihood that the human action will proceed in the direction of accomplishing goals

Communication Process

Communication has been defined as a process The term process refers to identifiable flow of information through interrelated stages of analysis directed towards the achievement of an objective In the case of social actions, the concept of process is dynamic rather than static in which events and relationships are seen as dynamic, continuous and flexible, a dynamic interaction both affecting and being affected by many variables. There are four elements in the process – action, a continuous change in time, advancement or progress over time, and a goal or result The communication being a social process is a dynamic one and, thus, can notbe studied in a sort of stop action Notwithstanding this, some sequential arrangement in communication can be thought of treating it a sort of stop action.

One of the best ways to view communication in a sort of stop action is through the use of models Communication models do have some drawbacks like unnatural act of stopping a process, over-simplifying and providing not more than a partial view of such a complex process In spite of such drawbacks related to models, they do provide a definitive method which is clear and easy to use in grasping a set of concepts which are central to an issue. In the case of communication, fortunately, such models are available Such models range from simple one-way persuasive model to complex information model. Two such models which are frequently used to understand communication process are Berlo's model and Shannon-Weaver's model.

Berlo has given a simplified descriptive model which shows clearly the major ingredients in the communication process The model is commonly referred to as the SMCR model [2] In this case, the letters symbolically stand for the source, message, channel and receiver in the communication process The model simply depicts a source sending a message over a channel, to a receiver as shown in Fig 15 1.

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2 David K. Berlo, *The Process of Communication*, New York · Holt, Rinehart and Winston, 1960



Fig 15 1 Berlo model of communication

The Berlo model is so simplistic in this form that it does not really represent a true picture of the process until feedback is added. As discussed in an earlier chapter, feedback is an essential component in the effective functioning of an open system. Feedback provides the source with responses, which in turn provide the source with information concerning his success in accomplishing objectives

Shannon-Weaver model is based on information theory.[3] Information theory is a mechanical approach of communication. This theory can be distinguished from its broader counterpart, communication theory, in that it deals with information devoid of meaning, that is, the information theorists are not interested in what is communicated but only in the fact that the information is communicated both accurately and correctly. The basic information theory model involves an information source which selects a desired message out of all the possible messages that it can select, a transmitter which changes the message into a signal which can be sent over some communication channel to a receiver, a destination to whom the message was originally intended, and finally a noise source which can introduce extraneous information into the signal as shown in Fig. 15 2.

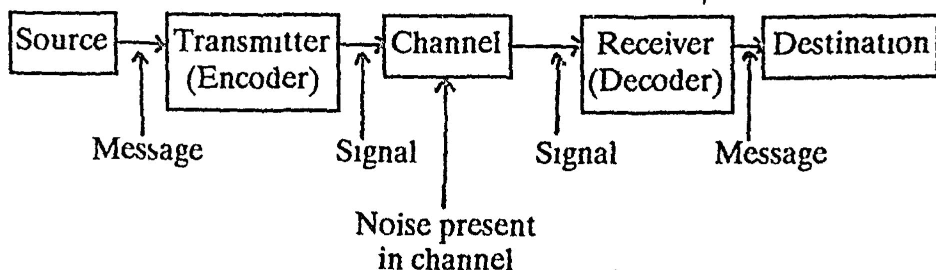


Fig 15 2 Shannon-Weaver communication model

This model does not include feedback as the same process will take place for feedback and receiver may become sender of the message. According to this model, communication problem can arise at any one of the three levels : the technical level, where one asks the question, "How accurately can the symbols of communication be transmitted ; the semantic level, where one asks the question, "How precisely do the transmitted symbols convey the desired meaning ; and the effectiveness level, where one asks the question, "How effectively does the received meaning affect conduct in the desired way ?"

Feedback in Communication Process

When the receiver acknowledges the message and responds to the sender, feedback occurs. Feedback completes the communication loop because there is a message flow from sender to receiver and back to the sender as shown by the feedback arrow at the bottom of Fig. 15 3. Two-way communication made possible by feedback has a back and forth pattern in which the

3 Claude E Shannon and Warren Weaver, The Mathematical Theory of Communiation, Illinois University of Illinios, 1949

sender sends a message and receiver's responses come back to the receiver. Feedback is necessary to ensure that the receiver has received the message and understands it in the same sense as the sender wants, that is, the message has been received, decoded properly, accepted, and used. Further, feedback also acts as energising factor, thereby changing the course of action in the communication. It is just like the play of tennis when the server of the ball will decide the type of shot that he plays in response to the shot played by his opponent on his service. Thus, the communication process goes on. When this two-way communication process occurs both parties are more satisfied, frustration is prevented, and work accuracy is improved When feedback is added, communication process may involve the various elements as shown in Fig. 15 3.



Fig 15 3 Communication process

1. *Sender.* The person who intends to make contact with the objective of passing information, ideas to other persons is known as sender.

2. *Ideas.* This is the subject-matter of communication. This might be opinion, attitude, feelings, views, suggestions, orders, etc.

3 *Encoding* Since the subject-matter of communication is abstract and intangible, its transmission requires the use of certain symbols such as words, actions, pictures, etc. Conversion of the subject-matter into these symbols is the process of encoding.

4. *Channel.* These symbols are transmitted through certain channels, *e.g.*, radio, telephone, air, etc., depending upon the situation of the two parties, *viz.*, sender and receiver.

5. *Receiver.* Receiver is the person to whom message is meant for.

6. *Decoding.* Receiver converts the symbols received from the sender to give him the meaning of the message

7. *Feedback.* Feedback is necessary to ensure that the receiver has received the message and understands it in the same sense as sender wants.

FUNCTIONS OF COMMUNICATION

A very significant role is played by communication in the management of modern large organisations. Such organisations are being designed on the basis of specialisation and division of labour and have large number of people working together. Since they are functionally related to each other, there is high need of coordination among them. This coordination requires mutual understanding of the organisational goals, the mode of their achievement and the relationship between the work being performed by various individuals. All this can be achieved by effective communication. Communication, thus, becomes an essential ingredient for effective management. Often it is said that management and communication are so closely related and that they are almost synonymous. The role of communication in management can be identified by identifying the various functions that are performed by communication Such functions are information function, command and instructive function, influence and persuasive function, and integrative function. Let us see how these functions are important and are performed by communication

Information Function

Information is vital for the functioning of any living system – people or organisation Living systems can achieve some viability in their environments only to the extent that they have some appropriate means of acquiring and processing information about themselves and their environments. This information is used as the basis for orientation to those environments and for determining behaviour. The technology of communication has greatly enhanced man's information-generating capacities It is our ability to affect each other communicatively which has so greatly increased the importance of the information giving and receiving aspect of our existence. As a consequence, we can create purposive organisations of people variously committed. to some common endeavour. It is particularly the existence of such purposive organisations which gives rise to the importance of information-giving and receiving. No organisation can fulfil its purpose except to the extent that its communication process furthers its movement towards its specified goals in some way

Command and Instructive Function

Communication performs command and instructive function. Those who are hierarchically superior – whether in family, business, civil, or military – often initiate communication not only for the purpose of informing their subordinates but often for the purpose of telling them what to do, directing them, or commanding their behaviour in some way. The command and instructive function of communication is more observable in formal organisations than it is in informal organisations. Individuals who are hierarchically superior within an organisation structure are both priviledged and obligated to command and control certain task-related behaviours of their subordinates Those same subordinates have a similar obligation and privilege vis-a-vis their own subordinates, and so on from the top to the bottom of the organisational hierarchy. Orders, directives, requests, procedures, even performance appraisals all function as command messages.

Influence and Persuasive Function

Of all that has been written about communication over the years, perhaps more has been written about the persuasive function of communication than about any other aspect. There are those who take the position that all communication is persuasive in character. However, in management, influence and persuasion taken together represent one of the several functions as other functions are equally important. Managers can influence others either through coercively or communicatively. Since influence through coercion has its limitations in organisational setting, managers can do well to influence others through effective communication. In fact, leadership is more effective than exercise of authority in getting the maximum from the employees. Leadership, to a very great extent, depends upon how the manager communicates with his employees and others who may be related with the organisation in one way or the other.

Integrative Function

Communication performs the integrative function by relating various components of the organisation and maintaining equilibrium among them.

In the broadest sense, the integrational aspect includes all behavioural operations which (i) serve to keep the system in operation, (ii) serve to regulate the interactional process, and (iii) relate the particular context to the larger contexts of which the particular interaction is but a special situation The communication that occurs has the consequence of energising, organising, and channelising the behaviour of living systems However, if the messages we create in order to comprehend our environment were not cumulative and self-organising in some way, it would be impossible to gain or to maintain the necessary degree of equilibrium or stable state relations with various aspects of environment For example, at the larger than face-to-face human groups, some formalisation takes place and integrative functions are provided in part by bureaucratisation, proceduralisation, institutionalisation, etc In fact, when a social system exceeds the integrative limits of face-to-face interactions, the necessary integrative mechanisms become embedded in that social system's literature, art, folklore, mythology, beliefs, mores, institutional practices, etc

COMMUNICATION SYMBOLS

The subject-matter of communication – messages, ideas, suggestions, etc. – being abstract and intangible, their transmission and receipt require the use of certain symbols The symbols may be *(i)* verbal – words, either oral or written, *(ii)* non-verbal – actions, gestures including facial expressions, and *(iii)* pictures including graphs and diagrams Each of these symbols may be either used exclusively, that is, to the complete exclusion of others, or as is very commonly the case, two or more of these can be used to supplement each other For example, in face-to-face communication, diagrams and charts may be used to clarify what one is talking about or facial expressions can be used to emphasise a particular point Let us briefly discuss the appropriateness of these symbols.

Verbal Communication : Oral and Written

Words are the main communication symbol used on and off the job In organisational setting, many employees spend more than 50 per cent of their time in some form of word communication Word communication may be either oral or written and both are used in the organisation

In oral communication, both the parties to the process, *i.e*, sender and receiver, exchange their ideas through oral words either in face-to-face communication or through any mechanical or electrical device, such as telephone, etc. Oral communication is very helpful in face-to-face two-way communication where persons can exchange their feelings fully and clarity regarding any doubt or ambiguity may be sought. It has, as such, very high degree of potentiality for speedy and complete interchange of information Possibility of gestural communication being used along with oral one increases the effectiveness of this type of communication since actions speak louder than words. Important points may be emphasised through actions. Rank and file employees as well as supervisors and even managers often prefer oral communication They enjoy the opportunity to ask questions and to participate Face-to-face oral communication is sometimes supplemented by public address systems that permit managers to speak directly to workers in the

workshop. Oral communication suffers from the disadvantages of absence of any permanent record of communication. Sometimes, it becomes time-consuming specially in meetings and conferences when after various deliberations, nothing concrete comes out. Sometimes, oral communication is not taken seriously by the receiver and basic objective of communication in this case is not achieved. There is also a possibility that the spoken words are not clearly heard or understood.

Communication in writing—written words, graphs, diagrams, pictures, etc —may take the form of letters, circulars, notes, manuals, etc. Written communication possesses the capacity of being stored for future reference. The communication efforts may be minimised by simultaneous communication to various points such as through circulars, etc. It also enables the communication to take place between distantly placed parties without much cost. Written communication is more orderly and binding on subordinates and superiors to take suitable actions in the organisation. Written communication, however, suffers from major drawbacks. It is very time-consuming both in terms of preparing the message and in terms of understanding the message. There is a greater chance of communication being misunderstood. Sometimes it is more costly in comparison to oral communication.

Oral and Written Communication : A Comparison

Each of the different media of communication has its strengths and weaknesses which determine its uses and suitability for communication in any particular context. Thus, in some cases, oral communication might be useful while in others, written communication may be necessary, as both of these have their own relative merits and demerits, as discussed above. As such, one cannot depend upon a particular medium of communication and both of these media are complementary to each other. That is why, in practice, both these media are used. Oral communication, however, is more useful where the subject-matter is complex and a final decision requires deliberations from the persons concerned. Moreover, in day-to-day business and in routine types of activities, oral communication may be relied upon. Where the messages are to be kept for future reference, written communication is the only one possibility.

Non-Verbal Communication

Non-verbal communication is very important in both organisational and non-organisational settings. Look at how dumbs communicate without using a single word ; how the dancer of Bharatnatyam dance conveys the meanings through her actions from different parts of the body ; how a manager emphasises a particular point by moving his hands or making specific facial expressions. These things convey meaning sometimes more effectively than words. Non-verbal communication can take the form of body movements the intonations or emphasis which we give to words, facial expressions, and the physical distance between the sender and the receiver of the message. Looking into the role of non-verbal communication, a new academic study of body movements, known as *kinetics* has been developed. It refers to the study of gestures, facial configurations and other movements of the body to communicate meanings. However, it is relatively a new field and it has been

subject to far more conjecture and popularising than the research findings support.

There are three important aspects in non-verbal communication. *First,* a body position or movement may not by itself have a precise or universal meaning, but when it is linked with spoken words, it may give fuller meaning to a sender's message. *Second,* sometimes, there may be contradiction between verbal and non-verbal communication The literal meaning of sender's words may be different than what he conveys through non-verbal communication Therefore, it is important for the receiver to be alert to this aspect of communication. He should look for non-verbal cues as well as listen to the literal meaning of the sender's words. *Third,* action speaks louder than words in the long run A manager who says one thing but does another thing will soon find that his employees listen to mostly what he does rather what he says. When there is a difference between what one says and what one does, we call that a communication credibility gap.

Pictorial Communication

A third type of symbol that is used to communicate is picture It may include pictures, graphs, diagrams, charts, etc Organisations make extensive use of pictures, such as blueprints, progress charts, maps, visual aids in training programmes, scale models of products, and similar devices The use of such means of communication is increasing in training and education as well as in organisational communication. Pictures can provide powerful visual images, as suggested by the proverb "A picture is worth a thousand words." In fact, many companies have designed their advertisement copies in which only pictures are used and no words are spoken. To be more effective, however, pictures should be combined with well-chosen words and actions to tell the complete message.

COMMUNICATION NETWORK

In the organisational context, a network is a structured fabric of the organisation, made up of system of lines, or channels, which are interconnected. Communication networks, then, are these network channels or lines used to pass information serially from one person to another. We can safely say that organisational communication is really the flow of information through the networks of interrelated human role relationships Since within an organisation, human beings are interrelated both formally and informally, communication takes place to maintain these interrelationships. Thus, organisational communication network is made up of two types of channels which are interrelated and interdependent, *viz.*, formal and informal The existence of these channels is necessary for organisational communication to take place. Further, these channels also determine to a very significant extent the smoothness, rapidity, and correctness with which the messages flow in an organisation. Thus, if the channel is too narrow considering the volume of message flowing through it, messages may get delayed or blocked. If the channel is too long or circuitous, again the same thing may happen Besides, the existence of a number of filtering points in the channel may also affect the accuracy of the messages flowing through it : something may get added or taken away from the original message at each of these points

Formal Channel

The formal channel, as the very name implies, is the deliberately created, officially prescribed path for flow of communication between the various positions in the organisation It is a deliberate attempt to regulate the flow of organisational communication so as to make it orderly and thereby to ensure that information flows smoothly, accurately and timely to the points to which it is required Further, it is also intended to prescribe for filtering of the information to various points to ensure that information does not flow unnecessarily thereby causing the problem of overload

This officially prescribed communication network may again be designed on the basis of single or multiple channels A single channel communication network prescribes only one path of communication for any particular position and all communications in that position would have necessarily to flow through that path only Ordinarily, this path is the line of authority linking a position to its line superior. This is what is commonly referred to as 'through proper channel', *i.e.*, through the line of superior-subordinate authority relationships and its implication is that all communications to and from a position should flow through the line superior or subordinate only

The channel of communication under this system is, no doubt, narrow, but ordinarily, it does allow for flow of essential information Besides, it is easy to maintain, orderly in nature, supports the authority of the superiors and provides for closeness of contact thereby reducing channels of miscommunication It helps in exercising control over subordinates and in fixation of responsibility in respect of activities carried on by a person in the organisation.

It has certain basic limitations, such as, bottlenecks in the flow, enhancing organisational distance, greater possibilities of transmission, errors, screening at various filtering points, etc One way of overcoming these limitations is to provide a number of communication channels linking one position with various other positions, the system of multiple channels. An unlimited use of this system may, however, cause confusion and also undermine the superior's authority.

Informal Channel or Grapevine

The informal channel of communication, also known as 'grapevine,' is the result not of any official action, but of the operation of social forces at work-place The term grapevine arose during the days of U.S. Civil War. At that time, intelligence telephone lines were strung loosely from tree to tree in the manner of grapevine, and the message thereon was often distorted ; hence any rumour was said to be from the grapevine. Today the term applies to all informal communication. While formal communication exists to meet the utilitarian needs of the organisation, informal communication is the method by which people carry on social, non-programmed activities within the formal boundaries of the system. It, thus, exists outside the official network, though continuously interacting with it This informal channel is generally multiple in nature ; same person having social relationships with a number of people working in the same organisation

Grapevine is more active when (i) there is high organisational excitement such as policy changes, automation, computerisation, or personnel changes, (ii) the information is new rather than stale ; (iii) people are physically situated close enough to influence one another; and people cluster in cliques/groups along the grapevine, that is when people have trust among themselves

Many authors on this subject opine that the communication through informal channel generally performs a positive service to the organisation It operates with much greater speed Moreover, there might be certain subject-matters of communication which do not require their transmission through the formal channel This channel also satisfies the communication needs of the various persons in the organisation, more particularly those persons who freely mix up with others and rely upon informal relationships. Informal communication is thus a needfulfilment device generated when it is found that the existing formal communication is inadequate or insufficient. The requirement of speedier communication creates conditions for informal communication which is supplemental to the formal one Chester Barnard opines that communication function of the executives includes the maintenance of informal executive organisation as an essential means of communication The functions of informal executive organisation are the communication of intangible facts, suggestions, suspicions that cannot pass through formal channels without raising issues calling for decisions without dissipating dignity and objective authority[4] In a research study by L M Prasad, it was found that between 50 and 100 per cent subordinates communicating unfavourable work performance, problems relating to work, unfavourable reactions to various organisational practices, used to communicate through informal channel. The major reasons for using informal channel for such communication were . it being more convenient and such subject-matter of upward communication did not require formal channel.[5]

Informal communication, on the other hand, has certain basic limitations It is less orderly and less static also. Sometimes, messages communicated through the informal channel are so erratic that any action based on these may lead to a difficult situation in the organisation. In this case, the irresponsibility of the persons communicating through the informal channel is the most important factor. Since origin and direction of the flow of information is hard to pinpoint, it is difficult to assign responsibility for false information or morale-lowering rumours Moreover, as each person conveying the message may add, subtract or change the original message according to his motive, informal communication problems multiply. There is a chance that by the time a communication completes a complex journey it may be completely distorted.

The informal communication is a part and parcel of the organisational process. The only thing management can do in this respect is to take suitable action to minimise the adverse effect of this channel Management must be

4 Chester Barnard, *The Functions of the Executive*, Cambridge Boston Harvard, 1961

5 L.M Prasad: 'Formal and Informal Communication in India, *ISTD Review*, May-June, 1976, pp 17-20

aware, through the understanding of the informal communication, the utility and the positive contributions to the operation of the organisation that the informal communication can make. As such, proper analysis of informal communication and a suitable clarification in this respect will be helpful in making its use towards organisational efficiency.

Dealing with Rumour

Since rumour is generally incorrect, a major outbreak of it can be a devastating epidemic that sweeps through an organisation. Therefore, rumour should be dealt with firmly and consistently. However, while dealing with rumour, it is not wise to strike at the whole grapevine because it happens to be the agent that carries rumour. Moreover, certain rumours are harmless and die out as the time passes Dealing with such rumours may not be worthwhile Problems come with those rumours which tend to be harmful. In dealing with such rumours, the organisation can adopt the following practices.

1. *Reduction of Causes.* The best way to control rumour is to get at its causes rather than trying to stop it after it has already started. This is a preventive approach of handling rumour Possibility of spreading of rumours is reduced when people feel reasonably secure, understand the things that matter to them, and feel part of the team. In such situations, ambiguity in the situation is reduced and need for communication through informal channel is reduced. On the other hand, when the people are emotionally upset or inadequately informed about their environment, they are likely to be rumour-mongers. The management can create the situation under which possibility of raising rumours is reduced.

2. *Listening to Rumour.* Regardless of the importance of rumour, it should be listened to carefully Even though it may not be true, usually it carries the message about the employees' feelings on the subject-matter of rumour. In this way, the management can know where the ambiguity prevails and what actions can be taken to clear the ambiguity.

3. *Providing Facts* As soon the rumour, particularly when it is harmful, starts, the management can weaken it releasing the facts related to the subject-matter of rumour. In such a case, the ambiguity is reduced and the truth tends to prevail Time factor is very important in dealing with such a rumour. The action should be taken the moment rumour starts because once the general theme of a rumour is known and accepted, employees distort future happenings to conform to the rumour.

4. *Use of Reliable Sources* The communication of facts is more effective if it comes from a source that employees think is in a position to know the true facts. The source also should be a person who has a dependable communication record. Additionally, informal leaders should also be contacted to communicate facts. If need be, the management can confirm the facts in writing without referring to the rumour.

5. *Use of Trade Union* Often rumours arise in the minds of employees about the management practices concerning the employees in particular and the organisation in general Such rumours may be quite harmful if management-employee relation is not good In such situations, the management can take the help of employee leaders to refute the rumours as the employees tend

to put more trust on their leaders as compared to management so far as communication is concerned

Direction of Communication Flow

Communication, as defined earlier, requires two parties, the sender and the receiver; their juxtaposition *vis-a-vis* each other determining in the organisation context the particular dimension of the communication flow. Thus, the communication flow within the organisation may be interscalar when two parties are at the different managerial levels or intra-scalar when they are at the same hierarchical level – this is also known as horizontal communication. The inter-scalar communication may again be classified as downward, when the message flows from the higher to lower level, or upward when it is the other way round

Downward Communication

Downward communication within the organisation flows from a superior either in the same line of command or in the different one. It stands out as a great force for controlling, influencing and initiating activities of organisation members Communication in this category includes (1) orders and instructions about job, (2) directions about understanding of job and its relationships with other jobs, (3) organisational policies and procedures, (4) feedback of subordinates' performance, (5) reprimands, criticisms, etc., and (6) questions inviting upward communication. In the organisation, people at lower levels have a high degree of fear and respect towards such communication which leads to a high degree of acceptance of such communication. Coordination, distortion and resistance are three important problems that characterise the downward communication process

Upward Communication

Upward communication flows from a subordinate position to a superior position It includes information about (1) subordinate's work performance, (2) problems relating to work, (3) performance appraisal of their subordinates, (4) feedback of understanding of orders, instructions, etc., (5) clarifications of order, etc., (6) opinion, attitude, feeling, etc., (7) procedures, methods, practices followed in doing the work, (8) criticisms, (9) new ideas and suggestions, and (10) personal and family problems. Upward communication is more susceptible to various obstructions and bottlenecks discussed later on, because of its special nature. Managers, often times, fail to realise that upward communication cannot be taken for granted, as is the case with downward communication. This is so because, unlike downward communication, upward communication is devoid of any support of managerial hierarchy. On the contrary, it has to flow in a direction directly opposite to the flow of official authority, from the dependent subordinates to the superiors on whom they (subordinates) are directly or indirectly dependent for the satisfaction of their needs. As such, there is a strong possibility of upward information being distorted or coloured.

Horizontal Communication

It is the flow of information between persons of the same hierarchical level. Formal organisation provides for horizontal communication by means of right of persons at any level to consult or work with others at the same

level. Communication among peers, in addition to providing task coordination, also furnishes emotional and social support to the individual. Horizontal communication is impeded in the organisation that overstresses functional departmentalisation. The creation of functional departments of units creates problems of coordination and communication between members of such units Some companies develop committee structure near the top level of the organisation to assist the chief executive in achieving coordination and better horizontal communication in terms of control function in the organisation. Horizontal communication, if in operation at various levels in an organisation, is a real check on the power of the top leaders.

Measuring Effectiveness of Communication

Communication is the lifeblood of an organisation and without it organisation cannot exist. As such, management should ensure that adequate and smooth communication flows in all directions and it is effective as well. A periodic review of the existing pattern of communication effectiveness should be made. This review would, on the one hand, reveal the direction in which the existing situation falls short of organisational requirements and, on the other, would reveal the underlying forces responsible for the prevailing state of affairs as also the actions required to remove these.

Communication is, however, one of the most difficult of all the managerial activities to measure. Quantitative and objective proof of the success of effectiveness is inordinately hard to come by. However, in evaluating communication, much can be accomplished by a systematic approach utilising a planned method of evaluation that looks for results in terms of stated objectives and takes into account both success and failure. Any assessment of communication, as such, requires the determination of the criteria for this evaluation and fixation of norms in respect of these criteria. Both of these are, further, to be oriented to the basic objective of the process itself In general terms the objective of communication may be defined as the passing of ideas and understanding from the sender to the target with a view to getting the desired behavioural response from the latter The finding out of the actual behavioural responses and comparing these with the expected ones, however, in case of this continuously ongoing process, presents insurmountable difficulties The ultimate objectives of the communication are related to the communication programmes through their relationships with immediate objectives. Effective communication, as such, might be the accurate transmission and receipt thereof and its correct understanding. There are several elements in communication which can be evaluated to assess directly the effectiveness of communication. These elements are · clarity, adequacy, and timing of communication

1 *Clarity* The communication process, in order to serve its purpose, must ensure clarity of communication, thereby facilitating exchange of ideas and avoiding unnecessary seeking and tendering of clarifications A communication possesses clarity when it is expressed in a language and transmitted in a way that will be comprehended by the receiver The basic objective of communication is to bring two minds together, and this can be possible only when what the sender means is understood by the receiver in the same way.

2. *Adequacy* There are, broadly speaking, two aspects of adequacy, *viz* : *(i)* in terms of coverage, that is, types of messages flowing in various directions ; and *(ii)* in terms of quantity of various types of messages The problem of determining adequacy in regard to coverage is not very difficult. Through communication audit, the adequacy of coverage can be measured In the communication audit, a frequent approach measures the information need of various groups of managers and employees and compares it with what has een made available to them. Normatively speaking, the process of communication must ensure that all those of messages that are needed by the various individuals in the organisation in connection with the effective discharge of their official duties must flow up to them and further that this flow in respect of different types of messages must be adequate

3 *Timing* The utility of any message to the receiver is markedly affected by its timeliness The process of communication should, therefore, not only ensure that the message reaches the receiver but also that it reaches to him when he requires It is quite possible that a person may require some time to compile an information having diversified and complex contents, which he has to collect from several points in the organisation A suitable time span should be allowed for the purpose of considering urgency and time requirement of the information.

4 *Integrity.* The principle of integrity of communication suggests that the purpose of communication is to support understanding by the individuals in their achieving and maintaining the co-operation needed to meet organisational goals. Effective communication is not an end in itself, rather, it is means to get some ends Though the immediate objective of any communication is to get behavioural response from the receiver of the communication, its ultimate objective goes beyond that. The ultimate objective of communication may be to get change in behavioural response from the receiver. This may suggest that communication to be effective should be persuasive and convincing so that receiver acts accordingly.

Besides, communication can be evaluated in terms of its ultimate objective where it can be measured in terms of behavioural responses Such responses may be reflected in the form of attitude and morale, employee relations, and other factors The analysis of these factors, in general, will provide total picture of effectiveness of communication The higher degree of these factors may be due to a variety of variables – communication plays an important part in this respect. Thus, analysis may lead us to conclude about the effectiveness of communication as a whole.

BARRIERS IN COMMUNICATION

It is probably no surprise that managers frequently cite communication breakdown as one of their major problems The problem of communication arises because there are various obstacles which may entirely prevent a communication, filter part of it out, or give it incorrect meaning These obstacles are known as communication barriers. These barriers may operate in organisational communication as well as in non-organisational communication Different barriers of communication may be grouped as semantic barriers, emotional or psychological barriers, organisational

barriers, and personal barriers Some of these barriers operate in all types of communication while others may be more relevant for organisational communication.

Semantic Barriers

Semantics is the science of meaning, as contrasted with phonetics, the science of sounds All communications are symbolic, that is, these use symbols (words, pictures, actions, etc.) that suggest certain meanings. Semantic barriers arise from limitations in the symbols with which we communicate. Following types of semantic barriers are more prominent.

(i) Symbols with Different Meanings Communication symbols usually have a variety of meanings, and we have to choose one meaning from many. In verbal communication, a particular word may have a variety of meanings. For example, the English word 'round' has 110 different meanings : as adjective - 23, as noun - 42, as verb - 16, as preposition - 13, and as adverb - 16 Moreover, a particular word may give contradictory meaning in different parts of the country. For example, the Hindi word 'Kaka' means uncle in one part of the country but small boy in another part of the country. Similarly, non-verbal symbols may also convey different meanings to different persons. In such a situation, often there is a possibility that the receiver of the symbols may attach quite different meaning as compared to intended by the sender and communication breaks down.

(i) Badly expressed message: Lack of clarity and precision in a message makes it badly expressed Poorly chosen and empty words and phrases, careless omission, lack of coherence, bad organisation of ideas, awkward sentence structure, inadequate vocabulary, platitudes, numbing repetition, jargon, failure to clarify implications are some common faults found in this case.

(ii) Faulty Translations Every manager receives various types of communication from superiors, peers, subordinates and he must translate information destined for subordinates, peers and superiors into language suitable to each Hence the message has to be put into words appropriate to the framework in which the receiver operates, or it must be accompanied by an interpretation which will be understood by the receiver. This needs a high level of linguistic capacity. Approximate understanding of words and the consequent faulty translations lead to impaired efficiency and heavy costs

(iii) Unclarified Assumptions. There are certain uncommunicated assumptions which underlie practically all messages. Though a message appears to be specific, its underlying assumptions may not be clear to the receiver.

(iv) Specialist's language It is often found that technical personnel and special groups tend to develop a special, peculiar and technical language of their own. This increases their isolation from others and builds a communication barrier Whatever be the intention of this special language, it hinders their communication with persons not in their speciality, because of the receiver's ignorance of that type of language.

Emotional or Psychological Barriers

Emotional or psychological factors are the prime barriers in interpersonal communication. The meaning ascribed to a message depends upon the

emotional or psychological status of both the parties involved. In a communication, apart from the message, there is a meta-message, that is, what one gets out of a message when decoding. Meta-message is the most pungent thing in a sweet-word language. In getting a meta-message, the emotions of the receiver play a vital role and he may not be at a wavelength as that of the communicator. Keith Davis opines that these "exist in the people's minds or because of their actions such as being hard to contact or difficult to understand These barriers to communication are just as effective as an actual physical wall. Often these human barriers are more like filter paper than a brick wall. They let through some communications but hold back others, thereby making communication inadequate. This 'half-way' communication gets 'half-way' results "[6]

The following are some emotional barriers :

(i) Premature Evaluation. Rogers and Roethlisberger in 1952 first pointed out this barrier [7] Premature evaluation is the tendency of prematurely evaluating communications, rather than to keep an uncompromised position during the interchange. Such evaluation stops the transfer of information and begets in the sender a sense of futility. This barrier can be remedied by "empathy', non-evaluative listening, where the communicator is listened to in a non-committal and unprejudiced way, so that sagacious decision and action can follow.

(ii) Inattention The preoccupied mind of a receiver and the resultant non-listening is one of the major chronic psychological barriers. It is a common phenomenon that people simply fail to react to bulletins, notices, minutes and reports.

(iii) Loss by transmission and poor retention When communication passes through various levels in the organisation, successive transmissions of the same message are decreasingly accurate. It is said that in case of oral communications about 30% of the information is lost in each transmission. Even in case of written communication, loss of meaning might occur as far as the appended interpretation, if any, is concerned. Poor retention of the information is again a malady. It is shown that employees retain about 50% of information only, whereas supervisors retain about 60% of it.

(iv) Undue reliance on the written word. Written word is no substitute for sound face-to-face relationships and that employees cannot be persuaded to accept companies viewpoints and policies through "slick", easy-to-read, well-illustrated publications, unless there is a fair degree of mutual trust and confidence between the organisation and its employees. Further, a written communication might fail to explain the purpose of order, procedure or directive Chester Barnard has laid down that a communication must appeal to the receiver as consonant with the organisations purpose and with his own personal interest. Written communication often tells *what* is to be done, but not *why* it should be done, and it lacks the persuasive quality. Moreover, a written communication can be above the level of readership, and failure to

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6 Keith Davis *Human Behaviour at Work,* New Delhi Tata McGraw-Hill, 1975, p 338

7. C R Rogers and F J Roethlisberger, 'Barriers and Gateways to Communication', *Harvard Business Review,* July-August 1952, pp 46-59

ascertain the response to communication is also there Hence written media must be considered as supplementary to productive face-to-face relationships.

(v) Distrust of communicator It arises out of ill-considered judgements, or illogical decisions or frequent countermanding of the original communication by the communicator. Repeated experience of this kind gradually conditions the receiver to delay action or act unenthusiastically, hence making the communication unsuccessful, though apparently it is complete

(vi) Failure to communicate It is quite an accepted fact that managers often fail to transmit the needed messages. This might be because of laziness on the part of the communicator, or assuming that "everybody knows", or procrastination or "hogging" information or deliberately to embarrass.

Organisational Barriers

An organisation being a deliberate creation for the attainment of certain specified objectives, day-to-day happenings within it require being regulated in such a manner that they contribute to attain these objectives in the most efficient manner This is usually attempted through a variety of official measures such as designing the organisation arrangements for performance of various activities, prescribing of various policies, rules, regulations and procedures, laying down of norms of behaviour, instituting a reward and punishment system, etc. All the inner processes, including communication in different directions, are markedly affected by these prescriptions. As such major organisational barriers may be as follows :

(i) Organisational Policy The general organisational policy regarding communication acts as an overall guideline to every one in the organisation regarding how he is normally expected to behave in this matter. The policy might be in the form of explicit declaration in writing, or, as is very commonly the case, it has to be interpreted from the behaviour of organisation members, particularly people at the top. If this policy is not supportive to the flow of communication in different directions, communication flow would not be smooth and adequate

(ii) Organisational rules and regulations Organisational rules and regulations affect the flow of communication by prescribing the subject-matter to be communicated and also the channel through which these are to be communicated The rules may restrict the flow of certain messages and may leave many important ones On the other hand, communication through proper channel in a specified way prescribed by these rules delays it and works against the willingness of persons to convey the message This barrier is strongly operative in Indian public sector enterprises where observance of rules and regulations is more rigid.

(iii) Status relationships The placing of people in superior/subordinate capacity in the formal organisation structure also blocks the flow of communication and more particularly in upward direction Greater the difference between hierarchical position in terms of their status, greater would be the possibility of communication breakdown

(iv) Complexity in organisation structure In an organisation where there are a number of managerial levels, communication gets delayed, chances of

communication getting distorted are more and the number of filtering points are more This is more true in case of upward communication, because people generally do not like to pass up the adverse criticism either of themselves or of their superiors

(v) Organisational facilities Organisational facilities provided for smooth, adequate, clear, and timely flow of communication may take a number of forms. Some of these have been mentioned earlier in the communication media such as meetings, conferences, complaint box, suggestion box, open door system, social and cultural gatherings, etc If these are not properly emphasised generally people fail to make effective communication

Personal Barriers

While the organisational factors discussed above are, no doubt, important influences operating on communication, a host of factors internal to the two parties—sender and receiver--to this process also exert important influences on its operation, as communication is basically an inter-personal process Here, for the sake of convenience in the analysis, these barriers have been analysed separately and these are relevant in the case of downward and upward communication.

Barriers in Superiors

The role of superiors in communication is very vital Because of their hierarchical relationships with subordinates, they act as barriers in a number of ways discussed below :

(i) Attitude of Superiors The attitudes of superiors towards communication in general or in any particular direction affect the flow of messages in different directions For example, if this attitude is unfavourable, there is a greater possibility that messages would not flow adequately from and or to superiors

(ii) Fear of challenge to authority A person in the organisation always tries to get a higher position and prestige to satisfy his needs. As such, managers in general try to withhold the information coming down the line or going up as frequent passing of information may disclose their weakness

(iii) Insistence on proper channel. One of the basic features of superiors exercising the authority is that they wish to remain in communication links and they do not like any type of bypassing in communication. Communication through bypassing may, sometimes, be necessary but superiors treat this as thwarting of their authority and blocks the flow of communication

(iv) Lack of confidence in subordinates Superiors generally perceive, correct or otherwise, that their subordinates are less competent and capable, they are not able to advise superiors or they may not have some information coming downwards

(v) Ignoring communication Sometimes superiors consciously and deliberately ignore the communication from their subordinates to maintain their importance This works against the willingness of subordinates to communicate

(vi) Lack of time Superiors feel, whether correct or otherwise, that they are overburdened with the work and they have little time to talk to their subordinates

(vii) Lack of awareness Sometimes, superiors may lack the awareness about the significance and usefulness of communication in different directions in general or of particular subject-matter. In such a case, communication flow is blocked.

Barriers in Subordinates

Vertical communication in either direction can take place only when subordinates also actively participate in this process. There are various factors in the subordinates that adversely affect such active participation on their part. Some factors which have been traced in the case of superiors are also applicable here such as attitude, time availability, awareness about the significance, etc. Two factors are more important in the case of subordinates and these are responsible for blocking communication in upward direction.

(i) Unwillingness to communicate Sometimes, subordinates do not communicate upwards certain information because they are not willing to do so. Thus, if a subordinate feels that he is likely to be adversely affected by a particular piece of information to his superior, he would not be willing to supply it Information going up is utilised for control purposes and subordinates would not be willing to give any information to their superiors about any unfavourable happening and if its application is necessary they would modify the information in such a way so as to protect their own interest.

(ii Lack of proper incentive Lack of motivation to communicate also refrains subordinates to communicate upwards The rewards and punishment system of the organisation is more responsible for this. Thus, if a novel suggestion by a subordinate does not evoke any attention from the organisation, he would not convey it.

MAKING COMMUNICATION EFFECTIVE

Effective communication is purposive symbolic interchange resulting in workable understanding and agreement between the sender and receiver. From the organisation's point of view, communication can be said to be effective if *(i)* adequate communication flows to different points in the organisation , *(ii)* the message received is very close to the message sent ; *(iii)* the non-verbal message is congruent with the verbal message ; *(iv)* the message elicits the desired response ; and *(v)* the communication results in building trusting relationship between the source and the target. Thus, effective communication means timely, adequate and clear communication which provides integrity between the parties of the communication. Therefore, all such attempts would be relevant which produce such type of communication. Following are some of the attempts which can be made to make communication effective.

1. *Clarity in idea.* The communicator should be quite clear about what he wants to communicate Communication is a process starting with ideation which includes generation of ideas which are meant for communication. This is the subject-matter of communication and may include opinions, attitudes, feelings, views, suggestions, orders, etc.

2. *Purpose of communication.* Every communication has some purpose, the basic purpose of any communication being to get behavioural response

from the receiver of the communication. However, the ultimate objective may be extended further, for example, getting an order accepted by the subordinate The communication should be directed towards this objective by the efforts of communicator

3. *Empathy in communication* The way for effective communication is to be sensitive towards receiver's needs feelings, and perceptions. This is what psychologists call empathy in communication, implying putting less in other's shoes, or projecting oneself into the viewpoint of the other person When the sender of the message looks at the problems from receiver point of view, much of the misunderstanding is avoided.

4. *Two-way communication* Communication is a two-way traffic and this fact must be realised in communication. Two-way communication brings two minds together which is the basic core of any communication. It involves a continuous dialogue between sender and receiver of the message Upward communication can become a reality in the organisation and effective if this fact is recognised

5. *Appropriate language.* The subject-matter of communication is transmitted by decoding it into some symbols Such symbols may be in the form of words, either spoken or written, and gestures If the words are used, the language used for communication should be such which is understandable by the receiver. Technical terminology and multisyllable words may be impressive looking, but they can also be troublesome to the listener. One way of making the communication simple is to use repetitive language with which the receiver is quite familiar.

6 *Supporting words with action.* Often it is said that action speaks louder than words While communicating, the sender may use the actions to emphasise a point. This enhances the understanding as well as emphasises the important point in communication Further, the sender of the message must also follow in action what he says to others This will ensure the seriousness in communication

7. *Credibility in communication* One criterion for effective managerial communication is that it has credibility or believability The subordinates obey the orders of the superior because he has demonstrated through his competence that he is worthy of trust He must also maintain his trust and credibility Thus any communication which is based on this trust and credibility will be followed by the subordinates

8 *Good listening* A communicator must be a good listener too. By this process, he is not only giving chance to others to speak but he gathers useful information for further communication By concentrating on the speaker's explicit and implicit meanings, the manager can obtain a much better understanding of what is being said Nichols[8] has identified that managers suffer from some common habits of bad listening, though much of their communication time is spent in listening. Davis has suggested ten points which may be observed in listening These are . stop talking, put the talker at ease, show the talker that you want to listen to, remove distractions, emphasise with

8 Ralph G Nichols, Listening is Good Business', *Management of Personnel Quarterly*, Winter, 1962, pp 2-9

the talker, be patient, hold your temper, go easy on arguments and criticism, ask questions, stop talking He has emphasised stop talking because without stopping talking, one cannot listen to

COMMUNICATION PATTERN IN INDIAN ORGANISATIONS

It is generally alleged that communication in Indian organisations is not given proper attention which it so richly deserves Almost in all organisations in public sector and a great many in private sector, communication is given only secondary importance While this is the position of communication in general, upward communication, which has to flow against the stream of the authority, and more particularly when the managers are generally inadequately and vaguely aware about the need and significance of upward communication, is expected to be even poorer All communications must be two-way, but unfortunately in India, it is mostly one way, and upward communication does not flow properly

Several research studies are available dealing with different aspects of communication in Indian organisations Athavale[10] in his study suggested, on the basis of collecting data by interviewing 381 workers, 84 supervisors, and 21 managers of ten industrial units situated in Poona, the need for improvement in communication and consultation He studied the relative merits and demerits of oral, written, and audio-visual media of communication Shintre[11] studied the communication pattern in respect of leave benefits, E S I , provident fund, standing orders, etc , and suggested ways for improving communication in these respects Agarwal[12] for her study collected data from 250 respondents in a manufacturing organisation It was found that majority of respondents viewed the need for substantial improvement in communication systems. There seemed to be a high reliance on verbal communication It was emphasised that having too much reliance on informal, haphazard and grapevine communications was damaging the organisation In a study of upward communication in a public sector organisation, Prasad[13] on the basis of data collected from 191 managers, including supervisors, concluded that the communication was inadequate as compared to the requirements of the various level managers He identified the various factors affecting inadequate flow of communication at various levels of management [14] In this study, it was found that managers relied too much on formal and communication through proper channel, written form of communication, and rigid prescription of subject-matter of communication [15]

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10 M V Athavale '*Employee Communication and Consultation in Private Sector Industry*, Poona University of Poona, Ph D Dissertation

11 V P Shintre A Study of Communication between Management and Employees' *Indian Journal of Social Work*, Sept -Dec 1967 pp 329-334

12 Rekha Agarwal Communication Behaviour and Technological Environment of a Manufacturing Organisation ' *Indian Management*, Feb 1974 pp 39-43

13 L M Prasad, 'An Assessment of Upward Communication in a Public Sector Organisation *Lok Udyog*, July 1976 pp 35-41

14 L M Prasad 'Barriers in Upward Communication *Lok Udyog*, Feb 1978 pp 41-46

15 L M Prasad Formal and Informal Communication in India *ISTD Review*, May-June 1976, pp 17-30 Also 'Information Requirement of Superior Managers *ISTD Review*, Sept -Oct 1976 pp 15-18

The various studies conducted on communication, though not adequately representing the entire Indian organisations, suggest the communication in Indian organisation is not as effective as it ought to be. In fact, there are various factors which block the flow of adequate communication in Indian organisations Some of these may be applicable in both public and private sectors, others might be relevant in the case of organisations of a particular type only ; some of these may be applicable for communication in all directions, others might be applicable for communication in a particular direction only. Some of the important barriers of communications operating in Indian organisations are as follows :

1 Indian organisations generally lack participation in decision-making There are managers and entrepreneurs who are so authoritarian that they are not ready to listen to their top ranking managers, what to talk of lower level managers. They believe in order giving and not getting any feedback regarding how one feels about such orders In such a case there is not only the possibility of upward communication being inadequate but it affects downward communication also This is so because upward communication also works as an energising function for downward communication

2 There are several factors which lie in Indian public sector organisations which work against the smooth flow of communication, more particularly in upward direction[16] These public sector enterprises are generally large in size and there are usually large number of managerial levels As such, a large number of filtering points exist through which information travels before reaching its destination. The various difficulties and delays involved in this process may adversely affect the willingness of subordinates to communicate upwards and hence lower coverage of information in upward communication

In large organisations, information going up must be abstracted to avoid the possibility of information overload on superiors The higher up the information travels in the organisation, the more abstract it tends to become In such an abstraction process, there is a possibility that upward communication becomes distorted and fails to convey actual purport or meaning If people familiar with large organisations—executives, administrators, consultants, have— known all along that keeping top management informed is the most elusive administrative problem of the big corporation (and not of the business enterprise alone). To be usable at the top, information has to be so formalised and abstracted as to lose substantive meaning.[17] In public sector organisations, this problem is even more acute Organisational rules and regulations prescribed that ordinarily all communications upward should flow through immediate superiors only. Superior's insistence on such a practice makes the observance of this rule even more rigid As such, the possibility of something getting added or subtracted at the various filtering points increases the chances of distortion or suppression of the messages

16 The further discussion is based on A.S Chaudhary and L M Prasad, Problem of Upward Communication in Public Sector Enterprises,' *Integrated Management*, Nov 1976, pp 33-36

17 Peter F Drucker, 'Big Business and National Purposes', *Harvard Business Review*, March-April 1962 p 55

3. Another implication that emerges from largeness of the size is the problem of keeping close personal touch. Major obstacle to communication in numerous large organisations occurs because the organisation tends to be impersonal and bureaucratic. In such a setting, the organisation comes first, the individual is subordinate to the organisation. In a bureaucratic organisation, status differentials and class distinctions get overemphasised making interpersonal relationship amongst the executive highly impersonal and official Communication being an interpersonal process, its smooth flow is adversely affected in the absence of close interpersonal relationship based on natural respect, trust, and confidence The entire organisational processes in the public sector organisations in India are governed by bureaucratic model Bureaucrat's overemphasis on rules and regulations, his conservative temper and his insistence on rigid adherence to formalities, work against the smooth flow of communication

The management personnel of these enterprises are subject to frequent transfer This happens more so in the case of public sector organisations run on departmental lines The administration of the department (departmentally managed unit) is largely in the hands of the senior civil servants. Changes in the personnel not only take place in such undertakings frequently but in other types of undertakings too. This works against the development of conducive atmosphere for promoting communication, which requires close personal contact between superior and subordinate

4. Public sector enterprises are relatively new and they generally lack suitable managerial personnel. Most of the top managerial positions have been filled up not by professional managers but by others Persons are placed in charge of big enterprises, politicians and retired civil servants, who are not qualified by their past experience or achievements to hold positions in which drive and initiative are essential requirements. There is a considerable chance that bureaucrats, used to giving orders, may not be adequately aware of the need and significance of upward communication or of the problems in this area , and as such, it is quite likely that rather than taking special care for promoting right type of communication, they may consciously or unconsciously behave in such a manner that would considerably enhance the difficulty in communicating. Managers in public sector have a sort of an obsession that to uphold their prestige and to prove that they are the real bosses, they must only talk and there is no need for them to listen to [18]

Attitude of superiors towards upward communication in general as also towards particular subject-matter affects the upward flow of messages in a variety of ways For example, if this attitude is unfavourable, there is a greater possibility of message transmitted by subordinates being ignored by the superior resulting in loss in transmission Further, such an attitude may lead to adoption of such behaviour by the superior as may discourage subordinates from communicating upwards

5. The general organisational policy regarding upward communication acts as an overall guideline to every one in the organisation regarding how he is normally expected to behave in this matter This policy might be in the form of an explicit declaration in writing, or as is more often

18 H M Patel, Why Public Sector Projects are not Profitable? in Vadilal Dagli *The Public Sector in India*, Bombay Vora 1976, p 15

the case, it has to be interpreted from the behaviour of organisation members, particularly people at the top. Public sector organisations, more particularly departmental units, are organised basically on the lines of military system, where relationship between superior and subordinate is more important. There is a regular chain of authority covering all functions and extending all the way down the line. This is based on the hierarchical differences of status. This hierarchical system is governed by the span of control, unity of command, and unity of direction The inherent weakness of this system is both delay and distortion in communication Moreover, greater dependence of subordinates on their superiors for satisfaction of their needs refrains them from communicating upwards a number of subject-matter more particularly messages conveying unfavourable happenings in the organisation. In a research study, it was found that subordinates were unwilling to communicate unfavourable information, particularly unfavourable work performance, problems relating to work, and negative feedback of orders, instructions, etc Since there was high degree of correlation between willingness to communicate and actual communication, it was affecting the flow of communication adversely.[19]

There is a tendency to centralise the authority at the top, both in public and private sectors In private sector, owners are always afraid to delegate authority. Similarly in public sector, ministers are always afraid to delegate power. They tend very much to take decisions themselves, Ministers' reluctance breeds the habit of reluctance in their secretaries to refuse delegation of power to their subordinates, the same pattern is gradually being followed by the managing directors for their subordinates. This goes on and on, and steadily it becomes an accepted practice Centralisation of authority naturally follows more formal communication mostly for control and decision In such a case superiors keep their information requirements limited in order to avoid information overload. This does not only affect the coverage of a wide range of information of communication but also the quality of communication.

DISCUSSION QUESTIONS

1 Define communication and communication process

2 "Management is a two-way traffic, it is based upon an effective machinery of communication " Discuss the statement

3 What do you mean by communication network? Discuss the relative merits and demerits of formal and informal channels

4 Distinguish between downward and upward communications Make out a case of upward communication in an organisation.

5 What are the different media for oral and written communication? Under what communication will you prefer oral and written communications?

6 Discuss the methods through which you can measure the effectiveness of communication

7. Discuss the barriers involved in effective communication

8 'Mere existence of hierarchy prevents effective communication between levels of authority ' Discuss

9 Suggest some measures to make communication effective

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19 L M Prasad,'Why Subordinates are not Willing to Communicate up ?' *Integrated Management*, June 1977

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Organisational Conflicts

Theme

To understand organisational conflicts created because of behavioural and structural factors	To understand how and why conflicts develop at the various levels of the organisation so that effective steps can be taken to overcome these

Conflict in some form and degree is part and parcel of virtually every part of human life and hence, organisations are not free of it It is an aspect of organisational functioning that is frequently apparent to even casual observer. One of the most exciting and novel developments in the social sciences has been the attempt of behavioural scientists to treat the subject of conflict as one which is capable of scientific analysis whose causes, processes, and manifestations can be explicated in such a way that organisational conflict may be brought not only under some measure of control, but in fact positively exploited as a means of promoting effective change. This chapter analyses the various aspects of conflicts so as to minimise them for better organisational functioning

The term conflict may mean different things to different persons It may be regarded as the disagreement or hostility between individuals or groups in the organisation It may even mean rivalry or competition or may be viewed as the perception of disagreement in the individuals. Pondy has described that the term conflict is used in four ways in the literature to describe (*i*) antecedent conditions of conflictful behaviour, such as scarcity of resources or policy differences, (*ii*) affective states of individuals involved, such a stress, tension, hostility, anxiety, etc , (*iii*) cognitive states of individuals, that is, their perception or awareness of conflictual situation; and (*iv*) conflictual behaviour, ranging from passive resistance to over aggression.[1] The attempt to classify as to which classes of situations are conflict may not be meaningful from practical point of view, since each of these may be a relevant stage in the development of a conflict episode Conflict can be understood in terms of a dynamic process A conflict relationship between two or more individuals can be analysed as a sequence of conflict episode. Each conflict episode begins with conditions characterised by certain conflict potential The parties involved may not be aware of any basis of conflict and may not develop hostile relationship However, each episode leaves an aftermath that affects the course of succeeding episodes. The entire relationship can then be characterised by certain stable aspects of conditions, effect, perception, and behaviour. However, it is not necessary that every conflict episode

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1 Louis R Pondy, 'Organisational Conflict Concepts and Models, *Administrative Science Quarterly*, September, 1967, pp 296-320

necessarily passes through every stage to open aggression A potential conflict may not be perceived by the parties, or may be amicably resolved before hostilities break out.

Functional and Dysfunctional Aspects of Conflict

Conflict is part and parcel of every organisation. Hence, it should be the philosophy of management to create congenial atmosphere in which it does not grow or it is directed in constructive one. This again poses the problem whether the conflict, in general, is good or bad. In fact, not all the conflicts are dysfunctional On the one hand, they have certain positive functions of preventing stagnation, stimulating interest and curiosity, and providing personal and social changes On the other hand, conflicts may lead to destruction and inefficiency in the organisation Thus, there are both positive and negative aspects of conflicts For example, Boulding recognises that some optimum level of conflict and associated personal stress and tension are necessary for progress and productivity, but he portrays conflict primarily as a potential and social cost [2] Similarly, Kahn *et al* view that 'one might well make a case for intepreting some conflict as essential for the continued development of mature and competent human beings,' but they feel that conflict is a social cost [3] The dysfunctional aspect of conflict can be visualised in the following ways.

1 *Conflict as a Cost* Conflict is not necessarily a cost for the individuals Sometimes individuals raise some degree of conflict and competition among themselves and their subordinates for better management of organisational affairs. Dalton argues that one of the tactics of successful managers in the modern business organisations is to create confusion as a cover for the expansion of their particular empire [4] The manager may sometimes also create dissent and competition deliberately among his subordinates in order to ensure that he will be brought as an arbiter at a critical time However, this may become cost on the part of organisation if the conflictual relationship blocks the realisation of organisational or group objectives

2 *Conflict as a Source of Disequilibrium* Conflict affects the equilibrium of the organisation The equilibrium of the organisation can be understood in terms of contribution-inducement relationship. Each element of the organisation—human as well non-human—contributes something to the organisation in return for some inducements Organisation is said to be in equilibrium if inducements exceed contributions for every participant, and in disequilibrium if contributions exceed for some or all participants.[5] Behavioural scientists working on the model of homoeostasis have argued that an organisation attempts more or less automatic adjustments to redress the balance of its equilibrium when disturbed by internal or external forces. However, this model has been sharply criticised by those who take the view that conflict is not only endemic to organisations but inevitable and sometimes

2 Kenneth E Boulding, *Conflict and Defence,* New York Harper, 1962, p 305

3 Robert L Kahn *et al Studies in Organisational Stress,* New York John Wiley, 1964, p 65

4 Melville Dalton, *Men Who Manage,* New York John Wiley, 1959

5 Pondy, *Op cit*

necessary: for without conflict there could be no change and without change the organisation cannot survive, specially in the turbulent enviroment.

When conflict occurs, it affects the equilibrium of the organisation, particularly when it is a cost. This is so because it affects contribution-inducement relationship. Participants will try to restore equilibrium whether by leaving the organisation or by resolving the conflict. Even if the conflict is not resolved, it is not necessary that participants may leave the organisation because they may be offered higher inducements. But this position is not desirable for the long run because this may cause widespread inefficiency in the organisation. It should, however, be borne that besides conflict, there are other factors responsible for creating organisational dis-equilibrium.

Conflicts may lead to certain positive consequences in the organisation. Some of the positive aspects of conflicts may be as follows :

1. Conflicts provide opportunities to individuals and groups to think again and take a more concrete view of the situation

2. These lead to innovation as conflicting situations always present threats to the working. In order to overcome this threat, the individuals and groups have to find out new ways of working

3. Conflicts bring cohesiveness in groups. This happens more in the case of intergroup conflicts.

4 Conflicts provide challenging work environment as these develop high degree of competition.

5. As conflicts develop among various individuals and groups, these indicate the shortcomings in the existing system of organisational functioning and management attention can be drawn for overcoming such shortcomings.

6. Conflicts may be used as a device to overcome many frustrations and tensions People may express their frustration and tension by means of conflicts. Thus, they are relieved from utter mental tension.

It should, however, be taken into consideration that conflicts beyond certain degree may lead to organisational disequilibrium as discussed above Therefore, attempts should be made to overcome conflicts. From this point of view, understanding of conflicts at various levels in the organisation is a starting point Conflicts may take place at individual level – intraindividual level and interindividual level, group level, and organisation level

INDIVIDUAL LEVEL CONFLICT

The analysis of conflict may start at the individual level itself. Since an organisation is composed of various individuals, many conflicts develop at individual level. The individual level conflicts may be analysed in two ways · intraindividual and interindividual or interpersonal.

Though conflict requires two parties, it may also take place within an individual itself. Conflict at intrapersonal level occurs because a smooth progression of the need-drive-goal cycle does not occur in reality. Within every individual, there are usually a number of competing goals and roles Thus, an individual experiences two types of conflict in himself : goal conflict and role conflict.

Goal Conflict

A common source of conflict for an individual in an organisation which has both positive and negative features is the existence of two or more competing goals. Goal conflict occurs when two or more motives block each other. There can be three alternatives of goal conflict : approach-approach conflict, approach-avoidance conflict, and avoidance-avoidance conflict

1 *Approach-Approach Conflict*

In this situation, the individual is caught between trying to decide upon one or another of two attractive goals, which are mutually exclusive Approach-approach conflict hardly seems to be a conflict as others because whichever the choice the individual makes, he will attain a positively valued outcome. The problem comes in when the valences or desirabilities are roughly equal. This type of conflict has probably least impact on organisational behaviour. Approach-approach conflict can be analysed in terms of Festinger's Theory of Cognitive Dissonance[6] Dissonance is a psychological state where an individual feels discomfort or conflict when he is faced with two or more alternatives or goals to a decision Although these alternatives occur together, they do not belong or fit together. In such a situation, the person tries to avoid the dissonance by manipulating the information by rationalising the particular decision he takes : seeking more favourable information about the choice made and avoiding the information causing dissonance

2. *Approach-Avoidance Conflict*

In this situation, the individual has both positive and negative feelings about trying a goal because the goal possesses both attractive and repulsive characteristics. It has been observed that when goals are at once satisfying and threatening, pleasant and painful, attractive and anxiety-arousing, people's behaviour vacillates at a point near but not too near the goal · at a distance the tendency to approach predominates, near the goal the tendency to avoid is greater. The result is a stable or self-maintaining conflict that tends to keep the organism at the point where the two tendencies cross This type of conflict is quite relevant for organisational behaviour.

3. *Avoidance-Avoidance Conflict*

This is the situation where the individual must choose between two mutually exclusive goals, each of which possesses unattractive qualities Unless other alternatives are available, such a conflict has a tendency to stay unresolved This is so because closer one gets to decision, the more the negative aspects of choice create a tendency to avoid the choice If the individual makes a decision towards one of the avoidance-avoidance choices, the closer he gets to implementing that decision, the more likely he is to be repelled by the negative characteristics of the choice, retreating towards the other decision Ultimately, he can be seen to bounce back and forth, from dilemma to dilemma Such a situation is stressful and anxiety-arousing because of the perceived inability to escape either of two painful options. Generally, a third alternative is available to the individual in the organisational setting He may leave the organisation If this can be done, the

6 Leon Festinger, *A Theory of Cognitive Dissonance*, Stanford Stanford University 1957

conflict is quickly resolved however, the choice in this case shifts to anxiety-producing search for another job. This may produce conflict with the situation of remaining in the organisation vs leaving the organisation. Thus, using punishment as a measure to perform something disagreeable or threatening is effective only to the extent that the individual cannot leave the situation.

The understanding of goal conflict is important from the point of view of integrating individual and organisational goals as far as possible. While approach-approach conflict may be mildly distressing for the individuals, other goal conflicts may be quite dysfunctional for both organisation and its individuals. The general approach of the management should be to resolve goal conflicts by building compatibility, not conflict, between personal and organisational goals.

Role Conflict

An individual performs a number of roles. Although all the roles which he brings into the organisation are relevant to his behaviour, in the study of organisational behaviour, however, his organisational role is most important. In the organisation, every person is expected to behave in a particular manner while performing a specific role. When expectations of a role are materially different or opposite from the behaviour anticipated by the individual in that role, he tends to be in role conflict because there is no way to meet one expectation without rejecting the other.

There may be four types of role conflicts. First, there may be intrasender role conflict where the expectations from a single member of a role set may be incompatible. This happens when a person is called upon to perform a work within specified limit but it cannot be possible to do the work within that limit. Second, there may be intersender role conflict where the expectations sent from one sender are in conflict with those from one or more other senders. Third, there is inter-role conflict when an individual occupies two or more roles simultaneously and the expectations associated with those different roles are incompatible. Fourth, there may be role-self conflict. It occurs when role requirements violate the needs, values, or capacities of the person. Sarbin views that role-self conflict occurs in three situations: *(i)* when the individual occupies a role which is not consistent with the images, needs, and expectations of the self; *(ii)* when the individual is biologically inadequate to fulfil the role expectations; and *(iii)* when due to gaps or deficiencies in the process of development of self, the person fails to perceive accurately the expected behaviours associated with the role.[7]

Factors in Role Conflict

All those factors which determine the role expectations are associated with role conflict in an organisation. Such factors may be classified into three categories: Role ambiguity, organisational position, and personal characteristics.

1. *Role Ambiguity.* When role expectations are inadequately defined or substantially unknown, role ambiguity exists. If the expectations associated

7. Theodore R. Sarbin 'Role Theory', in Gardener Lindzey (ed.) *Handbook of Social Psychology*, Cambridge: Addison-Wiley, 1954, pp. 223-258.

with a role are unclear or ambiguously defined, the individual will experience difficulty in enacting the role Role ambiguity and consequently role conflict also increases when there is lack of role continuity All roles gradually unfold themselves. This is particularly true when individuals who are fitted into these roles have a continuing orientation towards their proper fulfilment. The potentiality for conflict is increased in those situations where individuals are forced into roles without adequate preparation for them.

2 *Organisational Position* Organisational positions also determine the role conflict and ambiguity This is so particularly when a person has to perform a variety of organisational roles assigned to him by the organisation. Moreover, a person, while performing his formal roles, also performs informal roles which may be mutually incompatible Besides, there are certain organisational positions where such role conflict is inherent. For example, such is a position of supervisor in the organisation Often he is called 'man in the middle' or 'marginal man' One set of expectations of his role is that he is part of the management team and should have the corresponding values and attitudes A second set of expectations is that he came from the workers' group and should have their values and attitudes A third set of expectations is that he is a separate link between management and workers and should have his own unique set of values and attitudes Conflict arises in the mind of the supervisor as to which expectations he should fulfil Whyte and Gardner observe that 'the supervisor is a bumping post He is a bumping post because he is in the middle: he has to take it from both ends, and those running the place don't give him any credit for it'[8] Though the supervisor represents the extreme case of organisational role conflict, every position in the modern organisation experiences role conflict in varying degrees Such conflict is quite evident in line-staff positions

3 *Personal Characteristics* Role conflict also arises because of personal characteristics Kahn *et al* have found that several personality dimensions mediate significantly the degree to which a given intensity of objective conflict is experienced as strain by the person These personality dimensions include emotional sensitivity, introversion-extroversion, flexibility-rigidity, and need for career achievement They have found that 'the effects of objective role conflict on interpersonal bonds and on tension are more pronounced for introverts The introverts develop social relations which, while something congenial and trusting, are easily undermined by conditions of stress The preference of such people for autonomy becomes manifest primarily when social contacts are stressful, that is, others are exerting strong pressures and thereby creating conflict for them In a similar fashion, emotional sensitivity mediates the relationship between objective conflict and tension, with emotionally sensitive persons showing substantially higher tension scores for any given degree of objective conflict An individual who is strongly achievement-oriented exhibits a high degree of personal involvement with his job, and the adverse effects of role conflict are more pronounced for him than those who are less involved'[9]

8 William F Whyte and Burleigh Gardner, The Position and Problems of the Foreman *Applied Anthropology*, Spring 1945, p 19

9 Kahn *et al*, *Op cit*, p 384

Effect of Role Conflict

Role conflict has undesirable effect on organisation in the sense that it may provide conflicting situations where the human beings can apply their efforts. Thus, there is a possibility that some of the efforts may go waste. This is true particularly in the case of inter-role conflict For example, the conflict between two organisational positions may lead to organisational inefficiency The extent of the undesirable effects from role conflict depends upon four major variables (*i*) awareness of role conflict; (*ii*) acceptance of conflicting job pressures, (*iii*) ability to tolerate stress ; and (*iv*) general personality make-up. The management's attempt towards managing role conflict should be to avoid the situations where role conflict arises. Though role conflict cannot be completely done away, it can be minimised by proper role prescription, clarity in authority and responsibility, and creating proper atmosphere for individual need satisfaction.

INTERPERSONAL CONFLICT

In an organisational setting, there may be several forms of interpersonal conflicts, such as, hierarchical conflict between various levels of management, functional conflict between occupational specialists, professional *vs* professional conflict, and so on These conflicts may be interpreted in two forms : vertical conflict and horizontal conflict.

Vertical Conflict

Vertical relationship, that is mostly in the form of superior-subordinate relationship, results into vertical conflicts which usually arise because superior attempts to control the behaviour of his subordinates, and subordinates resist such control A subordinate may resist such control as he feels that his superior tries to control activities outside the scope of his control and he perceives conflict with his superior and the latter may feel when his attempt of control is thwarted He is likely to interpret subordinate's resistance as due to resentment of the exercise of personal power This perception of the behaviour may be grounded either on realities or may be due to misunderstanding between superior and subordinates

The non-resolution of this conflict may not necessarily terminate the relationship, however, this may become a serious problem to the efficiency of the organisation. More differences between superior and subordinate may create more conflict between them which ultimately adds more inefficiency to the organisation. It may be argued that a superior enjoys the hierarchical support because of his position in the authority relationship : he may suppress the conflict and thereby he can remove its consequence but it is not possible and he may be denied the full co-operation of his subordinates and he may be proved to be a poor superior thereby causing his position weak in the organisation

Horizontal Conflict

Horizontal conflict at interpersonal level is among the persons at the same hierarchical level in the same function or in different functions Within each functional group, there may be many individuals and these individuals interact among themselves. Such interactions may be contacts for the purpose

of giving, taking, and soliciting advice, counsel, information, and skilled assistance on difficult problems. These interactions may be co-operative or conflicting depending upon the type of people involved in interactions and situational variables Thus, the major reasons for interpersonal conflict emerges out of the variables.

(i) Nature of Persons The types of persons involved in the interaction process determine to a great extent the degree to which the interaction may be co-operative or conflicting Following factors are important in this context.

(a) Ego Sates As discussed in Chapter 11, people interact with particular ego states. Ego states are the person's way of thinking, feeling, and behaving at any particular time If ego states are not complementary, the conflicting situations take place Since, people are not aware about others adequately, often such situations arise. Lack of complementary ego states may ultimately lead to interpersonal conflict

(b) Value Systems People having different dominant value systems may develop conflict in their interaction Value system is a framework of personal philosophy which governs and influences individual reactions to any situation Thus, people having different value systems may interpret the things and situations differently which may reflect the choice of different methods of working and behaving. Such differences become the basis of interpersonal conflict

(c) Socio-cultural Factors. People coming with different social and cultural backgrounds may develop conflict among themselves Many interpersonal conflicts based on caste, religion, region, and family background are based on difference in socio-cultural differences These differences may lead people to perceive the personal interests as conflicting

(ii) Situational Variables The various factors discussed above are related with the persons concerned who are interacting among themselves There may be several situational factors which also generate interpersonal conflict These factors either generate the conditions under which the persons having personal differences may heighten these or may sink these differences If the differences are heightened, these may lead to conflicts Following are the major situational variables which generate conflicting relationships

(a) Interest Conflict The most important situational variable is when people in a group or in intergroup see their interest differently. This may not be because of the basic nature of the man but may generate because of the situations People have different permutations and combinations in order to protect their self interest if the situation so warrants Though such grouping of persons may be based on several other factors, as discussed in Chapter 12, often the conflict of interpersonal interest is one of the main reasons.

(b) Role Ambiguity. As discussed earlier, role ambiguity is one of the reasons for role conflict. However, it may also develop into interrole conflict specially if various roles interacting have not been clearly specified. Thus, organisation structure itself may be responsible for such type of conflicts.

GROUP LEVEL CONFLICT

Conflict may occur at group level A group constitutes two or more persons who interact in such a way that each person influences and is

influenced by others. Groups exist in every organisation and they affect the behaviour of their members. They not only affect the behaviour of their members, rather, they have impact on other groups and the organisation as a whole. In this interaction process, there may be two types of conflict : intragroup (within the group itself) and intergroup (between groups).

Intragroup Conflict

Intragroup may be thought in terms of group characteristics and to some extent interpersonal conflict, specially if two persons are from the same group A group is consisting of a number of persons whose interactions at a given time generate a system of values, norms, and sanctions appropriate to the nature of the task on which they are working, which has created a set of well defined role and status relations which are interdependent Intragroup conflict may arise in three situations . *(i)* when group faces a novel problem of task ; *(ii)* where new values are imported from the social environment into the group ; and *(iii)* where a person's extragroup role comes into conflict with his intragroup role Intragroup conflict is visualised more when people come from different socio-economic backgrounds and have different political and religious views The disagreement may be over ethics, the way power should be exercised, or moral considerations of assumptions, justice, fairness and so on are interpreted Such differences may affect the choice of either goals or methods of achieving goals

Intergroup Conflict

Intergroup conflict arises out of the interaction of various groups. There are many factors in the organisation which determine the intergroup relationships These factors can influence relations between two or more groups If these factors are not positive, they tend to create conflict among groups. These factors are goal incompatibility, resource sharing, task relations, uncertainty absorption, and attitudinal set These factors are described below to show how these can lead to co-operative or conflicting relations among groups

1 *Goal incompatibility.* The goals of two groups can have a powerful impact on their relationship Decision-makers often use goals to indicate their relative preference. The accomplishment of the stated goals of each group may require interaction with one or more of other groups. The ideal state may exist when each group perceives its goals as the goals of the organisation as a whole and the goals of other groups as compatible with one another and mutually reinforcing. However, goals are not always perceived or designed in such a way as to be quite compatible and mutually reinforcing

Intergroup conflict arises because of goal incompatibility, that is, goal attainment by one group may prevent or reduce the level of goal attainment by one or more other groups The conflict between marketing and production departments in business organisation is a classic example of this conflict Similar such conflicts arise in line and staff departments, as discussed earlier Labour-management conflict also arises because of incompatibility of goals This conflict, however, is affected more by distributive and integrative subprocess, discussed further.

Though goal incompatibility is the cause of intergroup conflict, it is unlikely that widespread goal incompatibility of win-lose variety within an organisation is frequent A win-lose situation exists when one group's goal attainment is at the direct expense or cost of another group. Thus, goal incompatibility among groups is more often a mixed, rather than a total win-lose variety Thus, the degree to which two or more groups perceive goal incompatibility will affect the degree of conflict

2 *Resource Sharing* The relations between two groups can be affected by the degree to which the two groups draw from a common pool of resources, and the degree to which this common pool of resources is adequate to meet the demands of both the groups Thus, conflict of this nature arises because of the discrepancy between aggregated demand and available resources Each party to the conflict has an interest in making the total resources as large as possible, but also in securing as large a share of them as possible. The conflicts between management and labour union are quite common in all types of organisations. Such conflicts take place on the quantum of wages, amenities, working conditions, and other related matters The basic reasons for such conflicts are the identification of incompatible goals followed by the distribution patterns of available resources The group conflicts, particularly between management and labour, have proved to be quite detrimental in Indian economy in recent years. Such conflicts are so important that some official machinery is provided for resolving these conflicts For example, various provisions have been made under the Industrial Disputes Act, 1947 for the reconciliation of labour-management conflicts

3 *Task Relationship* Each group in the organisation is related with others as these are created through organisation structure Organisation structure is the result of organising process through which departments are created for achieving organisational goals Thus, each group in some way or the other is interrelated Depending upon the nature of such functional relationship, various groups may be related in two ways : interdependence and dependence In some cases, groups may be independent, but this situation is quite uncommon in organisations Two groups are independent if both of them have the discretion to withdraw from the relationship at will Depending upon the type of task relationship, groups may perceive conflict

Interdependent task relations exist when two groups coordinate or collaborate with one another Coordination exists when the subtasks allocated to different groups need to be sequenced and agreed upon by the two groups Collaboration occurs when the two groups share joint responsibility for certain tasks A dependent task relationship exists between two groups if one group is dependent upon the former for resources. A dependent task relationship may result in one group having the ability to dictate or unilaterally determine the outcome of their interaction The conflicts arise in these relations if a group exceeded its authority. For example, if staff departments influence in the decision-making process well in excess of the advisory roles assigned to them, the conditions for conflict exist

4 *Absorption of Uncertainty* Since organisations are open systems, they and their elements — various groups — face uncertainty Uncertainty is the

gap between what is known and what needs to be known to make correct decisions In order to manage uncertainty, organisations assign certain groups or individuals to deal with it Thus, a group may absorb uncertainty of other groups The group may make decisions or set premises for decision-making for other groups, thereby avoiding the uncertainty For example, the accounting department may prescribe the rules for travelling expenses to be incurred by the marketing department. Thus, the marketing department may be relieved of the uncertainty of how the money should be spent on travelling The conditions for conflicts exist if uncertainty absorption by one group is not in accordance with the expectations of other groups For example, if marketing department finds the rules framed by the accounting department inadequate or inefficient, the condition for conflict exists

5 *Attitudinal Sets* The sets of the attitudes that members of various groups hold towards each other can be a cause and a consequence of the nature of their relationship If the group relations begin with the attitudes of distrust, competitiveness, secrecy, and closed communications, there is a possibility of various factors of group relationship being emphasised in a negative way, consequently leading to conflicts In the alternative case, the group relationship may be co-operative characterised by mutual trust and respect, greater acceptance of responsibility for mutual problems, greater consideration for others' points of view, greater willingness to avoid blaming each other, more open communication, and so on In such cases, co-operation, instead of conflict, is visible

ORGANISATION LEVEL CONFLICT

In an organisational situation, conflict may manifest itself in a number of different modes Such conflicts may be within the organisation itself (intraorganisational) or between various organisations (interorganisational) Intraorganisational conflicts may be again in various forms, for example, at individual level and at group level as discussed earlier. Since, these are all parts of the organisation, the conflicts among them are of much concern to the organisation There is another type of conflict which takes place between an individual and the organisation as discussed in Chapter 1 The discussion of interorganisational conflict is important for this section

Interorganisational Conflict

Interorganisational interaction results in conflict among different organisations However, it is not necessary that such interaction may result in conflict Etzioni has observed four types of organisational relationships . exchange, conflict, co-operation, and bargaining [10] The various types of interaction may be thought of in terms of continuum, ranging from conflict to co-operation Neither end of this continuum is an extreme Total conflict is an interorganisational relationship in which there is very little actual interaction, except by force On the other hand, total co-operation may lead to merger, and the situation would cease to be interorganisational As such, most of interorganisational relations fall somewhere near the middle of the continuum.

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10 Amitai Etzioni *Modern Organisations* New Delhi Prentice-Hall of India, 1964,

Interorganisational conflict may include (i) conflict between organisations pursuing similar objectives, and (ii) conflict between government agency and organisation, and (iii) conflict between head office and a manufacturing unit W 'e the last one is regularised by organisational rules and procedures, th other types of conflicts are regulated by social actions, particularly by State laws, administrative agencies, courts, and regulatory commissions.

CONFLICT MANAGEMENT

The management within an organisation should function in such a way so as to maximise the coordination of human resources and work system and to minimise conflict There may be two approaches for managing organisational conflict . preventive measures and curative measures In the preventive measures, management tries to create an environment where dysfunctional conflicts do not take place Conflict is not primarily a result of individual neurotic traits but arises under given conditions even when people involved are well adjusted Since situational variables induce conflict, it is possible to modify situations so as to avoid conflict However, there may not be any specific standard of situation in which conflict will not grow, there might be certain positive programmes and actions that might reasonably lead to avoidance of conflict in the organisation The development of effective leadership, participative decision-making, effective two-way communication with proper emphasis on upward communication, improvement in interpersonal relationship, provision for facilities and opportunities to develop informal groups may be some of the ways to which management should pay special attention The curative measures include the resolution of conflicts when they take place and become dysfunctional in the organisation Such preventive and curative attemtps may be made in the following ways

Establishing Common Goals

Most of the conflicts assume that incompatible goals are a necessary antecedent for the development of conflict It means that the existence of superordinate goals—common goals—will reduce the occurrence of dysfunctional conflicts This is true particularly in the case of conflict among groups and between individuals and organisation Schein observes that 'the fundamental problem of intergroup competition is the conflict of goals and the breakdown of interaction between the groups This breakdown in turn permits and stimulates perceptual distortion and mutual negative stereotyping The basic strategy of reducing conflict, therefore, is to find goals upon which groups can agree and to reestablish valid communication between the groups The tactics to employ in implementing this strategy can include locating a common enemy, locating a superordinate goal [11] The mutual dependence of groups can be brought through the superordinate goals because these are the goals which are of high value to groups Superordinate goals are those that take precedence over other goals that may separate the conflicting parties

11 Edgar H Schein, *Organisational Psychology*, New Delhi Prentice-Hall of India 1970 p 99

Sherif has conducted a series of experiments in intergroup conflict and common goals. He concludes the finding as such : 'what our limited experiments have shown is that the possibilities for achieving harmony are greatly enhanced when groups are brought together to work toward common ends. Then favourable information about a disliked group is seen in a new light, and leaders are in a position to take bolder steps toward co-operation In short, hostility gives way when groups pull together to achieve overriding goals which are real and compelling to all concerned [12]

Goal differences can also be reduced through the adoption of appropriate incentive systems Many organisational reward systems often result in 'win-lose' mentality in organisation because the reward systems focus attention on the individual rather than on the group or organisation as a whole It has been observed that goal differentiation can also be reduced through the use of incentive systems designed to reward activities that benefit the larger system, as opposed to those that are primarily in the interest of subunits

Changing Structural Arrangement

In some cases, the change in organisation structure or some part of it can reduce dysfunctional conflicts. While there are some basic guidelines in this respect, Katz *et el* have given some more suggestions in this respect They observe that conflicts can be reduced by decentralisation, restructuring to remove obvious differentials in status symbols between hierarchical interest groups, development of cycles of work, with opportunity to employees to complete tasks and sharing in organisational rewards [13] Such structural variables, more specifically, can be used in the following ways

1 *Reduction in Interdependence.* The basic reason in the intergroup conflict is interdependence among them As such less such interdependence, less will the amount of conflict among them Thompson distinguished three types of interdependence · pooled, sequential, and reciprocal.[14] In the pooled interdependence, the various divisions of the organisation are relatively self-contained and independent. In sequential interdependence, there is high degree of interdependence between two or more departments which might be using the product of others in a particular sequence The units are most interdependent when the interdependence is reciprocal, that is, the output of various units becomes input for others. According to conflict model, the degree of conflict is high in the case of latter two relationships, that is, more the interdependence, more the chances for conflict In organisations, such interdependence cannot altogether be avoided, however, instead of separating units organisationally, they can be separated physically Physically separating the conflicting groups has the distinct advantage of preventing more damage from being done and of preventing the creation of further rationale for fighting However, this tactic may require continuous surveillance to keep the parties separate, especially if tempers are hot and energy

12 Muzafer Sherif, Experiments in Group Conflict, *Scientific American*, November 1956, pp 112-116

13 Katz *et al*, *Op cit*

14 James D Thompson, *Organisation in Action*, New York McGraw-Hill, 1967

levels high The physical separation, however, is not a permanent measure for managing conflict

2 *Reduction in Shared Resources.* When two are more units are required to share resources, particularly scarce ones, the potential for conflict increases. The management of conflict suggests reducing such sharing. One technique for reducing such sharing is the increase in such resources so that each unit is independent in using them However, since resources are scarce, it is not always possible to do so As such, measures may be adopted for their optimum allocation

3 *Exchange of Personnel* Personnel of the conflicting groups may be exchanged for a specified period as a way to reducing and managing conflict. An exchange of people is very similar to role reversal, which is aimed at greater understanding between people by forcing each to present and defend the others position In a research study, it was found that the exchange of people programme was effective at reducing conflict and speeding agreement. It was successful even though it was mandatory, involved the less influential members of the organisations, and was of relatively short duration.[15]

4 *Creation of Special Integrators* To resolve conflict, organisation may create provisions for the appointment of special integrators who may manage the interdependence of various groups so that unresolved matters can be solved through them. Lawrence and Lorsch have found that in certain situations, particularly when there are much differentiation between departments in terms of time span, goals, and values, the use of special integrator departments or individuals facilitates the management and resolution of interdepartmental conflicts For example, they found that integrators were more effective when they were viewed as about intermediate in position between the conflicting departments, where they were viewed as high in influence, and where they perceived that their rewards were tied to the total performance of the two groups they were integrating [16]

5 *Reference to Superior's Authority* Conflicts may be resolved through the hierarchy If resolution cannot be attained by two organisational members, they may take the issue to a common superior who resolves the conflict by making a decision Such a decision is usually accepted by organisational members because of the recognised superior authority of high-ranking individual Such a decision may not necessarily bring agreement but it will usually be accepted

Conflict-Resolution Actions

The various measures, discussed above, undoubtedly help in reducing the occurrence of conflict in the organisation but they cannot guarantee the complete absence of conflicts As such, whenever conflicts arise, these have to be resolved by some specific actions, known as conflict-resolution actions. There may be many such actions For example, March and Simon say that an organisation may react to conflict by problem-solving, persuasion,

15 J Cohen The Technique of Role Reversal A Preliminary Note, *Occupational Psychology,* Vol 25. 1951, pp 64-66

16 Paul R Lawrence and Jay W Lorsch *Organisation and its Environment,* Boston Harvard University 1967

bargaining, and politics[17] Ruble and Thomas have identified five types of actions . competing, avoiding, accommodating, compromising, and collaborating[18] Lawrence and Lorsch have identified three types of behaviour in conflict resolution confrontation, smoothing, and forcing[19] Some major actions in conflict resolution take place in the following ways

1. *Problem-solving.* The problem-solving technique is considered to be the most positive technique available for conflict resolution because it emphasises the attaining of the common interests of both conflicting parties. In mutual problem-solving process, the conflicting parties must come together with the responsibilities of solving the mutual problem that faces rather than merely finding a way to accommodate their different perspectives Questions of who is right or wrong are generally avoided, but sharing and communicating are required in order to find areas of common interest This process causes the doubts and misunderstandings that underlie the conflict to become more obvious to the parties so that they may more effectively deal with them Problem,-solving technique can be applied effectively where conflict is based on misunderstanding of the parties concerned However, this technique is not effective when conflicts stem from value systems that differ and that are the one of the major sources of conflicts

2 *Avoidance* Another method of overcoming conflict is its avoidance, that is, parties to the conflict may either withdraw from the conflict or conceal the incompatibility Withdrawal may be observed when one party leaves the field of conflict so that other party may win by being in sole possession of the goal in dispute Alternatively, the goal may be redefined through mutual withdrawal from the field and the redefinition of other and non-overlapping goal priorities Concealing the incompatibility is another form of conflict resolution when it is not possible for any party to withdraw from the conflict In such a case, the conflict may be eliminated by withholding the information that the parties are in conflict because of goal incompatibilities However, these are the methods for avoiding conflicts rather than solving the actual conflicts

3 *Smoothing* Smoothing can be defined as the process of playing down differences that exist between individuals or groups while emphasising common interests Differences are suppressed and similarities are accentuated in smoothing process Finding and emphasising similarities between conflicting parties, while suppressing differences, can eventually lead the parties to realise that they are not far apart as was first believed. With shared viewpoints on an issue, the ability to work together towards a commonly held goal must be facilitated This again, however, is not a long-term solution for the conflicts

4 *Compromise* Compromise is a well-accepted technique for resolving conflict, yielding neither a definite loser nor a distinct winner Included here

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17 James G March and Herbert A, Simon *Organisations,* New York John Wiley, 1958 p 129

18 Thomas Ruble and Kenneth Thomas 'Support for a Two-Dimensional Model of Conflict Behaviour *Organisational Behaviour and Human Performance,* June 1976 pp 143-155

19 Lawrence and Lorsch *Op cit*, pp. 74-75

are external or third-party interventions, plus internal compromise between conflicting parties through both total-group and representative negotiation and voting. Such a compromise may be achieved either through the intervention of third party, the process is commonly known as mediation, or without the intervention of the external parties, the method is known as bargaining In both such cases, the conflicting parties arrive at some compromise which is mostly mutual give-and-take situation Compromise may be effectively used when the goal object may be divided up in some way among the competing parties. In cases where this is not possible, one group may yield to the other something of value in exchange for a concession of value Both parties then give something up. In a compromise situation, the outcome depends primarily on the relative strength of the parties In situations in which one of the parties is much stronger than the other, little actual compromising may occur, and one side dictates to the other This is quite effective method of conflict resolution between management and workers

5 *Confrontation* The various actions enumerated above may not bring resolution of conflict between parties if they take very rigid stand In such a case, the parties are left to confrontation to settle the conflict themselves This strategy may result into win-lose situation The parties concerned may settle their score by applying their strength against each other Confrontation may be used for organisation development and increasing organisational effectiveness Lawrence and Lorsch have observed that high performing organisations use confrontation techniques far more frequently than do the lower producing organisations However, confrontation may not be treated as ideal technique for most of the organisations specially if they are not equipped with taking the advantages of confrontation It can be desirable only if the organisation is working on competitive spirit basis Since this is the part of organisational climate and if organisational climate may not be developed on this basis, it is not desirable to go for confrontation

The parties involved in conflict must analyse certain aspects before going for confrontation. The first basic question is What are the issues of conflict ? What are the costs for achieving a particular thing ? Often conflict is based not on actual issues but on misperception which may aggravate the situation leading to conflictual behaviour. In such a case, self-introspection provides the real understanding of conflict phenomenon The second aspect which must be analysed is the cost involved Thing is obtained by paying cost for it Often the cost involved is much more than the achievement in confrontation. Therefore it cannot always be relied upon.

The various approaches of conflict management suggest that management can take a variety of actions depending on the situations, parties to conflicts, issues in conflicts, and the organisational resources available In many cases, a change in organisation structure, process, or the value systems of people is required This requires the detailed understanding of organisational change and development which will be discussed in the next part

DISCUSSION QUESTIONS

1 What is the concept of organisational conflict ? Are organisational conflicts always dysfunctional ? Explain fully

2 Do you agree with the view that conflict is dysfunctional ? Compare and contrast the relative merits and demerits of using confrontation and mediation in a conflict situation

3 What are the goal conflicts at the individual level ? What are the various ways of overcoming these conflicts ?

4 What is meant by role conflict ? What are the causes of role conflict ? Discuss the methods to avoid role conflict

5 Why does intergroup conflict arise ? What are its consequences ? How would you prevent such conflict ? Describe how you would diagnose a conflict situation

6 Analyse the pros and cons of alternative approaches to the management of conflict in an organisation

7 'Even organisations which we consider to be ideal ones are not free from conflicts' Can you apply your theoretical knowledge to explain how conflicts arise in a teaching and research organisation ?

8 What is the structural approach of conflict management ? Is it possible to overcome conflictual situation through this approach ?

9 How can goal conflicts be reduced in the organisation ? Does goal conflict reduction solve problems of conflicts ?

10 'Since the confrontation creates competition among various individuals and groups to develop methods for achieving goals more aggressively, it is regarded a way for higher performance' Do you agree with this ? How ?

Organisational Climate

Theme

To understand organisational climate as a means of higher productivity	To build up sound organisational climate through morale building and participation
To identify participative management in Indian organisations for analysing problems in real participation	

Organisational climate serves as the guidelines for dealing with people, has a major influence on motivation and productivity of individuals as well as total work group. A sound climate is a long-term proposition Managers take an asset approach meaning that they take the climate as organisational assets This chapter discusses the concept of organisational climate and suggests the ways for developing sound climate.

Concept of Organisational Climate

Climate, in natural sense, is referred to as the average course or condition of the weather at a place over a period of years as exhibited by temperature, wind velocity, and precipitation However, it is quite difficult to define organisational climate incorporating the characteristics of natural climate This is so because the most frustrating feature of an attempt to deal with situational variables in a model of management performance is the enormous complexity of the environment itself It makes the definition and measurement of situational variables very difficult One way to conceptualise the organisational climate is to consider its potential properties Forehand and Gilmer feel that climate consists of a set of characteristics that describe an organisation, distinguish it from other organisations, are relatively enduring over time, and influence the behaviour of people in it [1] Based on these characteristics, Campbell *et al* define organisational climate as a 'set of attributes specific to a particular organisation that may be induced from the way that organisation deals with its members and its environment. For the individual members within the organisation, climate takes the form of a set of attitudes and expectancies which describe the organisation in terms of both static characteristics (such as degree of autonomy) and behaviour outcome and outcome-outcome contingencies [2] When organisational climate is defined in this way, many kinds of organisational factors are relevant contributors to it. The crucial elements are the individual's perceptions of the relevant

1 G A Forehand and B V H Gilmer, 'Environmental Variation in Studies of Organisational Behaviour, *Psychological Bulletin,* No 62 1964 pp 361-382

2 John P Campbell *et al, Managerial Behaviour, Performance, and Effectiveness,* New York. McGraw-Hill, 1970, p 390

imposed upon the position, reward orientation, and consideration, warmth and support Some sort of commonalty is also visible in respect of conflict and co-operation , however, the perspective is different

Impact of Organisational Climate

Or[illegible]isational climate has a major influence on human performance through its impact on individual motivation and job satisfaction It does this by creating certain kinds of expectancies about what consequences will follow from different actions Individuals in the organisation have certain expectations and fulfilment of these expectations depends upon their perception as to how the organisational climate suits to the satisfaction of their needs. Thus organisational climate provides a type of work environment in which individual feels satisfied or dissatisfied Since satisfaction of individual goes a long way in determining his efficiency, organisational climate can be said to be directly related with his performance in the organisation

There are four mechanisms by which organisational climate affects performance, satisfaction, and attitudes of people in the organisation First, organisational variables can operate as constraint systems in both a positive and negative sense by providing knowledge of what kinds of behaviour are rewarded, punished or ignored The organisation can influence behaviour by attaching different rewards and punishments to varying behaviours This assignment of different values to behavioural outcomes would then influence the behaviour of those people most interested in those specific values Second, organisational variables may affect behaviour through evaluation of the self and others, and such evaluation will, in turn, influence behaviour There are both physiological and psychological variables associated with this evaluation process Third, organisational factors work as stimuli As stimuli they influence an individual's arousal level, which is a motivational variable directing behaviour The level of arousal will directly affect the level of activation and hence performance Fourth, organisational variables influence behaviour in that they influence the individual to form a perception of the organisation. This perception then influences behaviour

Thus, organisational climate influences the way an individual in the organisation behaves This climate consists of total organisational factors, including its authority pattern, leadership pattern, and communication pattern – three aspects discussed earlier as a means of influencing behaviour

Various research studies also confirm the positive relationship between organisational climate and employee performance Frederiksen, on the basis of laboratory studies involving 260 middle level managers, concludes that different organisational climate has different effects on human performance He summarises his findings in the following statement · 'It appears that the amount of administrative work in the stimulated job is more predictable in a climate that encourages innovation than in one that encourages standard procedures, and that in an innovative climate (but not in a rules climate), greater productivity can be expected of people with skills and attitudes that are associated with independence of thought and action and the ability to be

productive in free, unstructured situations.[7] This study suggests that performance was more predictable for subjects who worked in a consistent climate than those who had to work in an inconsistent environmental climate. Inconsistent climate was having negative impact on productivity. Another laboratory study shows that significant differences were found in performance and satisfaction of people in varying organisational climates [8] For example, in this study, three types of organisational climates were created · authoritarian-structured, democratic-friendly, and achieving business It was found that achieving organisation produced the most in terms of money volume, number of new products, and cost-saving innovations; people in democratic-friendly climate expressed maximum satisfaction with their jobs However, people in authoritarian-structured organisation produced goods of highest quality because of rigid specifications put by government orders Other studies also show the similar results.

These studies show the impact of organisational climate on performance Apart from these, various studies also support the positive relationships between type of organisational climate and individual satisfaction, motivation, and attitudes The organisational climate may be one of trust and confidence or one of fear and reprisal These climates have different impacts on individual motivation, satisfaction, and attitudes

DEVELOPING A SOUND ORGANISATIONAL CLIMATE

A sound organisational climate is a long-term proposition The climate of each organisation is set through an organisational behaviour system However, what should be a organisational behaviour model for a given organisation is not a universal phenomenon. Organisation behaviour philosophy derives from both fact and value premises Fact premises represent how human beings behave, while value premises represent the view of the desirability of certain goals. Thus, organisational climate should represent the philosophy and goals of those who join together to create the organisation Thus organisational climate exists in a contingency relationship with the organisation, meaning that the type of climate that an organisation seeks is contingent upon the type of people it has, the type of technology, level of education and expectations of people in it

The organisational climate is contingent on the assumptions of the nature of people in general In dealing with people, the total man concept should be taken which is essentially a combination of three different concepts about the nature of human beings—economic, social, and self-fulfilling Such a classification is different from an earlier classification of man in the context of decision-making process The basis of classification of man into three categories derives from the fact that each class of man has different set of thinking, motivation, and hence requires different organisational climate The economic man is basically motivated by money and long-range economic security; and hence the reliance on economic factors to attract, keep, and motivate them For social man, positive social relations and interactions

7 N Frederiksen, 'Some Effects of Organisational Climates on Administrative Performance Research Memorandum, 1966 Quoted in Campbell *et al*, *Op cit*, p 401

8 Litwin and Stringer, *Op cit*

are a must ; within his work environment, man seeks an affinity with fellow employees. The creation of a climate where happy family atmosphere prevails is appropriate for him. The self-fulfilling man seeks achievement, accomplishment, and meaning in what he does. The organisational climate with premium on certain degree of freedom is appropriate for him. Thus, each type of man requires a particular climate In order to build up a sound organisational climate, managers must understand their people in the organisation. The importance must be given to what motivates job performance in general and building an overall climate conducive to motivation, a keen insight into the individual in particular, and tailoring a personal approach to leadership and job design to which the man will respond with commitment The individual differences suggest that there cannot be any all-purpose organisational climate Keith Davis has identified three models of organisational behaviour—autocratic model, custodial model, and supportive model.[9] He has summarised three models as follows .

Models of Organisational Behaviour

	Autocratic	*Custodial*	*Supportive*
Depends on .	Power	Economic resources	Leadership
Managerial orientation ·	Authority	Money	Support
Employee orientation :	Obedience	Security	Job performance
Employee psychological result :	Dependence on boss	Dependence on organisation	Participation
Employee needs met ·	Subsistence	Maintenance	Higher order
Performance result :	Minimum	Passive co-operation	Awakened drives

(Source : Keith Davis, *Human Behaviour at Work*, New Delhi Tata McGraw-Hill, 1985 p 30

Autocratic Model

In the autocratic model, managerial orientation is towards power. Managers see authority as the only means to get the things done, and employees are expected to follow orders The result is high dependence on boss. This dependence is possible because employees live on the subsistence level The organisational process is mostly formalised , the authority is delegated by right of command over people to whom it applies The management decides what is the best action for the employees. The model is largely based on the Theory of X assumptions of McGregor where the human beings are taken inherently distasteful to work and try to avoid responsibility. A very strict and close supervision is required to obtain desirable performance from them Likert's management system can be compared with the model of organisational behaviour. His system 1 (exploitative authoritative) in which

9 Keith Davis, *Human Behaviour at Work*, New Delhi Tata McGraw-Hill 1985

motivation depends on physical security and some use of desire for status and better performance is ensured through fear, threats, punishment, and occasional rewards; communication is mostly one-way, that is downward : there is little interaction between managers and employees.[10]

The autocratic model represents traditional thinking which is based on the economic concept of the man. With the changing values and aspiration levels of people, this model is yielding place to others. However, this does not mean that this model is discarded *in toto*. In many cases, the autocratic model of organisational behaviour may be a quite useful way to accomplish performance, particularly where the employees can be motivated by physiological needs. This generally happens at lower strata of the organisation.

Custodial Model

In the custodial model, the managerial orientation is towards the use of money to pay for employee benefits. The model depends on the economic resources of the organisation and its ability to pay for the benefits. While the employees hope to obtain security, at the same time they become highly dependent on the organisation. An organisational dependence reduces personal dependence on boss. The employees are able to satisfy their security needs or in the context of Herzberg's theory only maintenance factors. These maintenance factors provide security but fail to provide strong motivation. Although employees working under custodial model feel happy, their level of performance is not very high. This resembles again to Herzberg's satisfier and dissatisfier. Since employees are getting adequate rewards and organisational security, they feel happy. However, they are not given any authority to decide what benefits or rewards they should get. This approach is quite similar to patrimonial approach where the basic assumption is that it is the prerogative of management to decide what benefits are best suited to the employees. Such an approach is still quite common in many business organisations in India. The phenomenon is more predominant in family-managed business organisations where family characteristics have also been applied to the organisational settings. The basic ingredient of the family-managed system is that parents decide what is good or bad for their children; managers decide what is good for their employees. From this point of view, this model is not suitable for matured employees.

Supportive Model

The supportive model of organisational behaviour depends on managerial leadership rather than on the use of power or money. The aim of managers is to support employees in their achievement of results. The focus is primarily on participation and involvement of employees in managerial decision-making process. The model is based on 'principles of supportive relationships' of Likert, which is the basic ingredient of his system 4 (participative). Likert states that 'the leadership and other processes of the organisation must be such as to ensure a maximum probability that in all interactions and all relationships with the organisation each member will, in the light of his background, values, and expectations views the experience

10 Rensis Likert, *The Human Organisation*, New York: McGraw-Hill, 1967.

as supportive and one which builds and maintains his sense of personal worth and importance.[11] It is quite similar to the assumptions of McGregor's Theory Y. The supportive model is based on the assumptions that human beings move to the maturity level and they expect the organisational climate which supports this expectation Various organisational processes—communication, leadership, decision-making, interaction, control, and influence—are such that these help employees to fulfil their higher order needs such as esteem and self-actualisation

Likert has shown that supportive model is best suited in the conditions where employees are self-motivated Thus, this emphasises not on the economic resources of the organisation but its human aspect Manager's role is to help employees to achieve their work rather than supervising them closely This can be applied more fruitfully for higher level managers whose lower order needs are satisfied reasonably Organisations with sophisticated technology and employing professional people can also apply this model for getting best out of their human resources. However, this does not mean that this model can be applied in all circumstances For example Davis observes that 'the supportive model tends to be specially effective in nations with affluence and complex technology, because it appeals to higher order needs and provides intrinsic motivational factors It may not be the best model to apply in less developed nations, because their employees need structures are often at lower levels and their social conditions are different [12] Moreover, this model can be applied more fruitfully for managerial levels as compared to operative levels As such, the tendency of modern management is to move towards supportive model, specially for their management groups.

The various models of organisational behaviour are based on the assumption of the human characteristics and how they can work best Since situational variables are strong factors in determining the organisational processes, managers cannot assume that a particular model is best suitable for all purposes and for all situations. Rather all the models will remain in practice and that too with considerable success These models are basically constructed around need hierarchy Since need hierarchy is not similar for all the employees, the same model cannot be used for all of them The need hierarchy changes with the level of a person in the organisation, level of his education, level of maturity, personality factors, and the type of work environment Considering these factors, a particular model can be applied Organisation theorists have argued that there is a tendency to move towards the adoption of supportive model because in this case people may give their best because in other models they do not find conditions conducive to give their best performance. This is why managers are taking a number of steps to humanise their organisations, such as participation, morale building, and so on to make the organisations more effective

PARTICIPATION AND ORGANISATIONAL CLIMATE

Participation is a means to develop sound organisational climate As discussed earlier, supportive organisational climate is based on participation

11 Rensis Likert, *Op cit*, p 47
12 Davis *Op cit* p 100

at all levels This type of organisational climate is more suitable from behavioural point of view Thus, an attempt can be made to develop organisational climate based on participation.

Participation is based on democratic value of organisational life The basic features of democracy as applied to organisational life can be seen by quoting Bennis He observes that 'democracy is not permissive or *laissez faire*, but system of values – a climate of beliefs governing behaviour – which people are internally compelled to affirm by deeds as well as words. These values include *(i)* full and free communication, regardless of rank and power, *(ii)* a reliance on consensus, rather than on the more customary forms of coercion or compromise, to manage conflict; *(iii)* the idea that influence is based on technical competence and knowledge than on the vagaries of personal whims or prerogative of power, *(iv)* an atmosphere that permits and even encourages emotional expression as well as task-oriented acts , and *(v)* a basically human bias, one which accepts the inevitability of conflict between the organisation and the individual but which is willing to cope with and mediate in this conflict on rational grounds [13]

Such values involve participative management in the organisation which incorporates getting things done through other people by creating a situation in which subordinates may develop mental and emotional involvement in a group situation which encourages them to contribute to group goals and share the responsibility in them There are three important ideas in this concept of participation · mental and emotional involvement, acceptance of responsibility, and motivation to contribute

1 *Mental and Emotional Involvement* Perhaps the basic feature of participative system is mental and emotional involvement which emphasises humanisation of administrative system The involvement is psychological rather than physical A person who participates is ego-involved instead of merely task-involved. If there is no mental and emotional involvement, it is not participation in real sense, rather a pseudo-participation which implies that the manager tries to make people think they are participating and having an influence while really they do not It is manipulative in nature

2. *Acceptance of Responsibility* A second characteristic of participation is that it encourages people to accept responsibility. Since people have active participation in decision-making, they are both decision-makers and executors Thus, it is a social process by which people become self-involved in an organisation and want it to work successfully Davis observes that 'as individuals begin to accept responsibility for group activities, they begin to be interested in, and receptive to, teamwork, because they see in it a way to do what they want to do, that is, to get a job done for which they feel responsible This idea of getting the group to want teamwork is the key step, in developing it into a successful work unit When people want to do something, they will find a way. Under these conditions employees perceive managers as supportive contributors to the team. Employees are ready to work actively with managers, rather reactively against them.[14]

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13 Warren G Bennis, *Changing Organisations*, New Delhi Tata McGraw-Hill, pp 18-19

14 Keith Davis, *Human Behaviour at Work*, New Delhi Tata McGraw-Hill, 1978, p 141

3. *Motivation to Contribute* A third feature of participation is that it motivates persons to contribute to the situation. They are given opportunities to release their own resources of initiative and creativity towards the objectives of the organisation. Thus, it is different from consent in that the latter process only confirms what has already been decided. A consenter does not contribute to decision-making rather he merely approves Participation is more than getting consent for something already decided. Participation uses the creativity of all persons thereby all of them contribute something in decision-making

Alternative Theories of Participation

One of the main problems confronting the modern manager is how he can become democratic in his dealings with his subordinates and at the same time maintain the necessary authority and control within the organisation for which he is responsible Group dynamics, which focuses attention on the members of the group rather than only on the individual manager, suggests that individual manager in spite of his intelligence, imagination, and dynamism, cannot be as efficient as a group. Such suggestion leads manager feel torn between strong leadership and participative leadership However, for the manager, the concept of participation has not always been dealt with in a constant manner. The treatment of participation reveals two significantly different models of participative management · human relations model and human resources model The first model closely resembles the concept of participation which the managers appear to accept for use with their own subordinates. The second model prescribes the sort of comparative policies that managers would apparently like their superiors to follow. Miles comments that both the human relations and human resources models have three basic components : *(i)* a set of assumptions about people's values and capabilities ; *(ii)* certain prescriptions as to the amount and kind of participative policies and practices that managers should follow in keeping with their assumption about people ; and *(iii)* a set of expectations with respect to the effects of participation on subordinate morale and performance.[15]

Human Relations Model

The human relations model suggests that managers should treat their subordinates as a 'whole man' and not merely a bundle of skills and aptitudes Human relations is the intergration of people into a work situation that motivates them to work together productively, co-operatively, and with economic, social, and psychological satisfaction The key element in the human relations model is its basic objective of making organisation members feel useful and important part of the overall effort. Participation in this model is a lubricant which oils any resistance to formal authority. In many ways the human model represents only a slight departure from traditional autocratic models of management The method of achieving results is different, and employees are viewed in more humanistic terms, but the basic roles of manager and his subordinates remain essentially the same. The ultimate goal sought in both the traditional and human relations model is compliance with managerial authority.

15 Raymond E. Miles, 'Human Relations or Human Resources ?' in Max S Wortman, (ed.) *Creative Personnel Management*, Boston Allyn and Bacon, 1969, pp 441-442

Human Resources Model

Human resources model represents a significant departure from the previous model in two respects. *First*, there is a difference regarding assumptions concerning people's values and abilities. The focus of attention in this respect is on all organisation members as reservoirs of untapped resources Such resources are not only in the form of physical skills and energy, but also in terms of creative ability and capacity for responsible, self-directed and self-controlled behaviour Under these assumptions, a manager's task is not only to give direction and receive co-operation, instead his main task is to create an environment in which such resources are fully utilised *Second*, there is a difference regarding objectives of participation. In human resources model, the basic objective of participation is to improve decision-making process and the total performance and efficiency of the organisation as compared to increasing subordinates' satisfaction and morale through participation under human relations mode. In human relations approach, improvement in subordinate satisfaction is viewed as the variable that is the ultimate cause of improved performance In the human resources model, the causal relationship between satisfaction and performance is viewed as being quite different Subordinates' satisfaction is viewed instead as a by-product of the process—the result of their having made significant contributions to organisational success.

This model is based on the hypothesis that control is most efficiently exercised by those directly involved in the work process, rather than by a person or group removed from the actual point of operation. The model, thus, suggests that subordinates should be given participation not only in routine decisions but in important decisions also so that they feel obligations for self-control. Through this way the quality of decision and control would improve, and at the same time, satisfaction and morale will also increase

Positive and Negative Aspects of Participation

Participative management is not only a technique for managing an organisation rather, it is a philosophy which not only emphasises sharing of information and problems between superiors and subordinates, but creating a climate of mutual trust and confidence Some of its apparent advantages are reflected in higher output and increased quality of product . reduction in the employee turnover rate, absenteeism, and tardiness; reduction in employee grievances ; peaceful and cordial superior-subordinate relationship ; improved quality of managerial decisions ; and greater readiness to accept change. In fact for the changed social environment, participative management becomes a functional necessity.

However, participative management should not be taken as a means for solving all organisational problems. It can work only under suitable conditions which are marked by a genuine willingness on the part of superiors and subordinates to enter into a real participation, mutual trust and confidence between them, free and unrestricted flow of two-way communication, and decentralised authority structure. If such characteristics are missing, there is a likelihood that participation turns into turmoil. Moreover, participation is a time-consuming process and organisation should take this into account while weighing the cost of participation and the advantages that will accrue. It should

be borne in mind that participation for the sake of participation has no utility unless it is backed by increased performance and employee satisfaction.

PARTICIPATIVE MANAGEMENT IN INDIAN ORGANISATIONS

The political system of our country is based on democracy, that is, such an approach will be adopted at all levels of decision-making This system extends to business and other organisations. At the same time, we have adopted the socialist pattern of society which embraces the life of every individual and every aspect of his life From this point of view, industrial democracy is a prerequisite for the establishment of democratic socialist society. But this democracy has been followed more as a political system rather than a way of life. It means it is a system-orientation rather than a value-orientation. Thus, in this context, it is quite relevant to identify the extent to which the industrial democracy is followed in Indian organisations This can be analysed in two terms—labour participation in management and participative management.

Labour Participation in Management

In India industrial democracy has always been associated with labour participation in management. However, the concept may be taken in broader form to include in its broad scope the decision-making process and the role of subordinates in that process whether the subordinates are from workers or they are from management group itself So far as the worker participation in management is concerned, many attempts have been made in this direction, both at the official level as well as at individual level The Second Five Year Plan has recognised that our society should not be built solely on monetary incentives but on ideas of service to society and the willingness on the part of the people to recognise such service. It is necessary in this context that the worker should be made to feel in his own way he is helping to build a progressive State The creation of industrial democracy is thus a prerequisite for the establishment of a socialist society. The Government has made various attempts to enforce labour participation in management. For example, it has made provisions for the creation of works committees under the Industrial Disputes Act, 1947 Section 3-1 (2) with representation of workers and management in order to solve the problems of workers on the basis of mutual consultation. It is a different thing that such works committees were constituted in most organisations but barring few, in most organisations, they have not been functioning well Apart from this legislative measure, the Government has also facilitated the appointment of Joint Consultative Committees in order to sort out the matters of dispute between management and workers so that there is no unfavourable climate in the industry leading to tense relationships between both these parties

In 1975, a comprehensive scheme for labour participation in management was given by the Government which covered most of the organisations and participation of labour at various levels of management. including the provisions for appointment of worker-director. In fact, the Government of India has shown the way by appointing worker and officer representatives as directors on the boards of major nationalised banks. After the 1975 scheme, many organisations in private sector also took a second thought about the value of participation by workers in management At the

same time, educational and training institutions took interest in studying the impact and problems of worker participation in management. This is reflected by holding a number of seminars and conferences by the institutions on the subject. Various attempts have been made to identify the progress made by various sectors in this direction. Such attempts were made both at micro and macro levels.

The evaluation of labour participation in management, however, discloses the mixed results. though suggesting in more cases that the scheme has not worked out well. It may be emphasised that the Government, at the time of presenting the scheme, contemplated such failures and even thought of taking legal recourse later on for the implementation of such a scheme. So far, no such action has been taken. The basic question is: why does the scheme of labour participation in management fail ? If it fails, can legal measures ensure its success ? The second question first, and the answer is that there is not very high possibility of scheme being successful if legal recourse is taken as happened with the functioning of works committees. This is so because participation is a two-way traffic which requires mutual understanding between two parties. There is specific type of interaction if participation occurs. This interaction is always successful at the level of equality, mutual trust and confidence, and mutual respect. The basic question is whether we have achieved this type of value in society or in organisations. Unless such values come, perhaps the success of any such scheme is in doubt whether voluntary or otherwise. If it is forced through legal measures without creating these values it may not have positive results. Thus, the first question of why the labour participation in management fails may be answered now in the form of lack of appropriate attitudes on the part of management and workers which are necessary for participation to be successful. Such attitudes may be summarised as follows.[16]

1. Most of the managers and owners of the enterprises manage the affairs of their organisations in an authoritarian way. Their personal whims and prejudices may render themselves unadjustable with respect to workers. They have always been in the habit of deciding the fate of their organisations and workers, and they have been very rigid in their directions and instructions to the workers. Some owners are not even ready to share their views with top level executives, what to talk to workers. These values go down in the organisation which inhibit the meaningful participation.

2. There is another problem in the way of participation, and this is in the form of superior-subordinate relationship. When the people are placed in this relationship, they develop a sort of personality characteristics which always work in dealing in this relationship. This is so because a subordinate is dependent on his superior for the satisfaction of his needs in the organisation and his overall personality is judged by his day-to-day performance and behaviour. Realising this, subordinate tends to speak less freely in the presence of his superiors. His ideas tend to be coughed in terms that will

16. L.M. Prasad, 'Labour Participation in Management: Will a Drastic Change in Attitude Come ?' *Industrial Times*, January 5, 1976, p. 11

support those views which he knows the superiors already approve. In such a case, workers hesitate to speak freely

3. Associated with the above point is the problem of role conflict among workers when they enter in meaningful participation. A worker is at lowest level of hierarchy in the organisation but when he confers as peer with high-level managers, his role is that of superior of many individuals some of them being at much higher level than his own superior. Considering such role conflict and other factors even trade union leaders have suggested that sharing ideas at the board level is not appropriate. Even in countries like U S A. and Britain, where the trade unions are quite strong, such an idea is rejected holding that this would simply cause confusion of roles and a worker director would not be able to reconcile his position as a trade unionist representing workers' interest with himself being a member of the management

4. There is another view of the aspect of labour participation in management. Right of taking decisions also involves equal responsibility. Management, even completely divorced from ownership of the organisation, has a great stake in the success or failure of the organisation, because an organisation's success or failure is completely related with top managers' own careers. As such, they take the decisions after careful analysis so as to further organisational interest, thereby protecting their own interest. They do not expect the same behaviour from the workers. Coupled with this, a serious problem of communication between management and workers exists at the conference table. Difference in the personalities, background, access to information, semantic problems are some of the factors which come in the way of effective participation.

These are some of the factors which account for the lack of participation between management and workers. The most important among these is the negative attitudes of managers and owners of the organisation. Such attitudes do not provide right type of organisational climate – utmost necessary for meaningful participation

Participative Management

Though such attitudes are also effective for participative management in totality in the organisation, the participative management as applicable to management group has some different perspectives. This is so because various levels of management, though being at different levels of the organisation, belong to the same group. Thus, if there is proper delegation of authority in the organisation, proper application of modern management techniques which require more joint decisions, participation is expected to work. However, participation requires right type of value and culture in the organisation. Thus, participation through compulsion may not bring desirable results, rather it should be supported by the organisational climate. It has been observed that human relations is the area of management practice that is concerned with the integration of people into a work situation. It is concerned with motivating people to work together co-operatively. Philosophy of

participative management is a direct result of this concept of behaviourism.[17]

Though not much empirical evidence is available on the participative management as a way of organisational life, whatever little is available suggests the low degree of participation among management group. A study of participation in organisational decision-making covering 804 senior and middle level managers from 6 public sector and equal number of private sector organisations by Maheshwari shows that overall preference of managers towards participation is medium [18] The study further shows that managers in public sector organisations show higher preference for participation The reason for such higher preference may be twofold First, public sector organisations are more open to their environment than the private sector organisations and, therefore, the managers tend to expect greater opportunity for participation Second, perhaps the Indian managers seem to have a trade-off between different kinds of working conditions, such as, salary, perquisites, and participation The private sector organisations generally offer higher material compensation to their managers. Thus, managers in public sector organisations receive less pay and other material benefits than in similar positions in private sector Maheshwari puts a question. Is it likely that the private sector manager can more easily accept the lower opportunities for participation in view of higher material rewards, whereas a public sector manager aspires to greater influence in decision-making in the absence of possible compensation in other ways[19] ? If it is so, then the conclusions can be derived that the private sector does not try to encourage participation. This can further be substantiated by the prevalence of authoritarian culture in private sector organisations [20] Maheshwari has extended his study further to find out the relationship between preference for participation and actual practice of participation It has been found that the degree of actual participation is lower than that of preference Thus, in actual practice, the degree of participation is very low [21]

The low degree of participation is also reflected by low level of authority delegation, low level of upward communication, authoritarian leadership styles, and low emphasis on MBO in Indian organisations The main reason for low degree of participation in Indian organisations may be traced out in the basic social and cultural background from which Indian managers come Such a background provides them more authoritarian culture right since their early childhood which is reflected in their work life As such, they do not care much about the participative management However, there have been some changes and few organisations are moving from theory X to theory Y Such organisations are mostly public sector organisations, some multinationals,

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17 M A Zahir, 'New Philosophy of Participation – A CAse for Management Participation in Work', *Lok Udyog*, November 1977, pp 21-27

18 B L Maheshwari, 'Participation in Organisation Decision-Making', *ASCI Journal of Management*, March 1980, pp 134-147

19 *Ibid*, p 138

20 D R Singh, Dynamics of Organisation Structure *Indian Journal of Industrial Relations*, October 1980, pp 243-258

21 Maheshwari *Op cit*, p 146

and few forward looking organisations of Indian origin [22] But by and large, most Indian organisations are following the formal authority pattern.

MORALE

In every organisation, people are working within a subtle environment of attitudes. Each employee has attitudes that range over the entire spectrum of human behaviour. All managers have a constant concern for the morale of the group which they lead. However, considerable confusion prevails over the use of the term morale' because of variation in defining characteristics of the term. Some researchers make distinction between job satisfaction and morale, while others do not make this distinction Some researchers take job satisfaction and morale as individual's concern; some others take job satisfaction as individual phenomenon and morale as group phenomenon. From one point of view, morale may be regarded essentially an individual matter It is described in terms of the feelings of an employee or manager toward his work ; it is thus a matter of work satisfaction. Guion describes morale from the point of view of an individual worker and defines it as the degree to which an individual needs are satisfied and the degree to which the individual desires satisfaction from his total job situation.[23] When morale is regarded as an individual phenomenon, many investigators organise these feelings what are assumed to be worker's needs.

In contrast to this individual job satisfaction approach, most researchers are impressed with social or group significance of morale They emphasise social reactions and concentrate on attitudes towards group values rather than towards individual values. They place less emphasis on working conditions and more feelings of cohesiveness, group interest and identification with the mission of the group, and optimism about the success of the whole. Thus, the concepts of job satisfaction and motivation both pertain to the individual and morale to the group McFarland observes that 'morale is basically a group phenomenon It is a concept that describes the level of favourable or unfavourable attitudes of the employees collectively to all aspects of their work – the job, the company, their tasks, working conditions, fellow workers, superiors, and so on Attitudes express what the individuals think and feel about their jobs. The emphasis is on how employees feel, denoting the strong emotional elements associated with attitudes.[23]

Morale and Productivity

In general there is a belief that the morale and productivity go hand in hand and higher the morale, higher the productivity and *vice versa* However, this is not true in all cases and morale and productivity may not go together Generally, there is some positive correlation between morale and productivity but they are not absolutely related. That is, an increase of five per cent in morale does not guarantee a proportional increase in productivity. It is

22 Singh, *Op cit*, p 255

23 Robert M Guion 'Some Definitions of Morale,' *Personnel Psychology* 11(1), Spring 1958, pp 59-61

24 Dalton E McFarland *Personnel Management – Principles and Practice*, New York Macmillan, 1969 p 483

quite possible to increase morale with either favourable or unfavourable shifts in productivity as shown in Fig. 17.1:

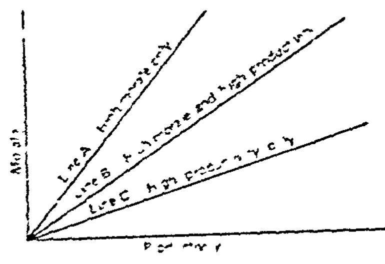


Fig 17.1 Relationship between morale and productivity

In fact, morale reflects attitude of employees and there are a number of variables between employee's attitude and productivity. An attitude in the dividual tends to interpret, understand, or define a situation or relationship with others Attitudes are the individual's likes or dislikes directed towards persons, things, or situations, or combinations of all these. Since all expressed attitudes are not to be put into practice, it is expected that morale will not be exactly related to productivity. A more accurate statement about high morale is that it indicates a predisposition to be more productive if leadership is effective along with proper production facilities, and individual's ability. Such factors are presented in Fig. 17.2

This shows that productivity is a function of four factors—organisational factors, individual factors, attitudes and morale. Attitudes and morale, in turn, are determined by the satisfaction of individuals which is again affected by organisational and individual factors. Thus productivity is a function of several variables, of course, morale may be one of the important ones. The successful managers recognise that behavioural management requires a positive integration of goals so that people working together will achieve the desirable high morale with high productivity. Thought is possible to achieve high productivity with low morale as shown in Fig 17.1 (line C), this position cannot continue for long because in the long run employees will show their resistance, dissatisfaction, and restriction which eventually lead to low productivity

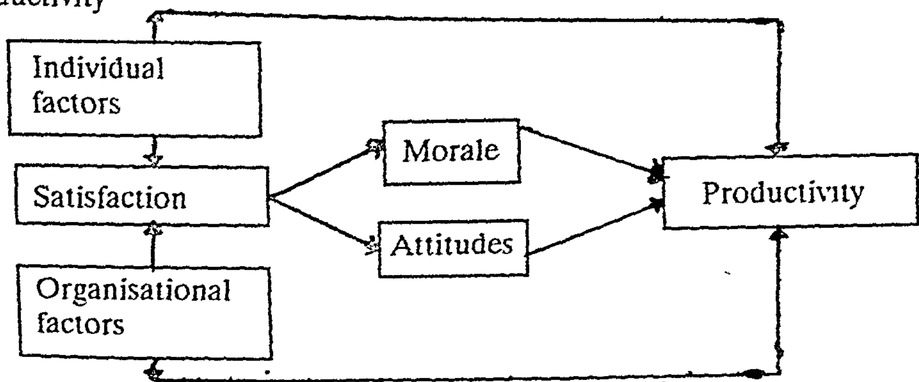


Fig 17.2 Satisfaction-productivity model

Various research studies also support the view that morale and productivity are not perfectly related, though there is a positive correlation between these two. In a review of literature on relationship between morale and productivity, Brayfield and Crockett[25] have concluded that there is little evidence that employee morale has any relationship to performance on the job. Another review by Herzberg *et. al*[26] presents more optimistic view of the evidence and suggests that there are enough data to justify the morale as a factor in improving the workers' output, although the relationship between morale and productivity is not absolute and the correlations obtained in many studies are low, though positive In another review of literature by Vroom[27], the median correlation between morale and performance was found to be 0 14. Thus, on the basis of such reviews it can be concluded that for higher productivity, high morale is necessary However, it is said sometimes that high productivity is as much a cause for high morale as it is the result of high morale

Measurement of Morale

Morale can be measured by collecting morale information Such information may be collected through morale opinion, or attitude survey Though all these tend to be used interchangeably, a distinction can be made in attitude and opinion survey. In attitude survey, measurement is scaled according to some set of values, whereas opinion survey counts and classifies answers. All these indicate the level of morale in an organisation on the basis of which morale can be measured.

1 *Morale Surveys* Collecting information about morale through morale surveys is quite common for researchers and organisations engaged in building morale Since the morale information is collected through the use of some questionnaires, different types of questionnaires can be used These can be classified into three groups : objective, descriptive, and projective Objective survey presents both a question and a choice of answer in such a way that the employee merely has to mark the answer which is his choice. Such questions may be in the form of multiple choices, like very high, moderate, low, very low or 'true, false' or 'yes, no', etc. The respondent may put tick on appropriate answer. In this case, the respondent's answer is quite precise and needs almost no editing In descriptive survey, the respondent has to answer the various questions in his own words Such questions are open-end ones Since the descriptive answers may have variation, they need considerable editing. In projective survey, the respondent is given situations and he is asked to comment on these. By such comments, his morale can be measured in an indirect way. One of the most common methods of projective survey is Thematic Apperception Test (T.A.T) where the comments are required on the basis of various pictures This method, however, is not quite common in morale survey

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25 Arthur H Brayfield, and Walter H Crockett Employer Attitudes and Employee Performance, *Psychological Bulletin*, Sept 1955

26 F Herzberg, *et al*, *Job Attitudes Review of Research and Opinion*, Pittsburg Psychological Service 1957

27 Victor H Vroom, *Work and Motivation*, New York John Wiley, 1964

2 *Indices of Morale* . Beside collecting information specially for measuring morale, management can use certain indicators for measuring morale Such morale indicators are available in the organisation itself. Since morale is an intervening variable, its impact is reflected in several factors concerning employees However, such factors may not necessarily be the result of morale alone but they give some indications about morale For example, productivity is an indicator of state of morale though it can be said so with certainty. There may be several such indicators which can be used for inferring the state of morale These are :

(i) Employee turnover,
(ii) Productivity,
(iii) Absenteeism and tardiness
(iv) Fatigue and monotony
(v) Grievances
(vi) Need for discipline
(vii) Waste and scrap
(viii) Quality record.

3. *Other Sources of Information* There may be various other sources of getting information which can be directly relevant for morale measurement Since an organisation collects information for various purposes and often information collected for one purpose may be used for other purposes also, various information sources can be integrated to have comprehensive view of morale A basic advantage of such sources is that information is readily available and one has only to pick the relevant information The various such sources may be as follows .

(i) Reports of counselling
(ii) Exit interviews
(iii) Accident reports
(iv) Training records
(v) Medical reports
(vi) Suggestion systems
(vii) Complaint box systems.

Use of Morale Information

Morale information is quite useful in taking decisions concerning people in the organisation. Since organisational climate influences people to behave in a particular way and morale is one of the basic ingredients of the organisational climate, it can be used directly to modify or introduce many managerial practices which are more conducive to people in the organisation In particular, morale information can be used for the following purposes :

1. *Understanding the Level of Morale.* Morale information is the best indicator of the state of morale in an organisation If it indicates low level of morale, it is time to take immediate action for reviewing various managerial actions Since morale may not affect the organisational effectiveness immediately, it is a sign for leading to ineffectiveness in the long run. When this situation is arrived at, the situation becomes too difficult to control As such

preventive methods for maintaining conducive organisational climate should be taken. Some of these actions have been suggested later in this section itself.

2 *Ensuring communication* One use of morale information may be to ensure organisational communication, particularly upward communication This can be done in two ways *First*, the process of collection of morale survey is such that it requires upward communication from people at lower level Through this process, the people can convey their actual feelings which perhaps they may not convey *Second*, management can take special action to ensure the free flow of communication on the basis of such information

3. *Creating better Feelings in Employees* Collection of morale information provides opportunity for employees to interact with management This helps in creating better feeling among them in three ways. First, they may feel their importance by such interaction, thereby they are better motivated. Second, they may feel that management is taking real interest in them. Third, they may express many of their feelings which they may not do otherwise This happens so if morale survey is conducted by outside consultants. By expressing such feelings, they are relieved of many of their tensions

4. *Assessing Training Needs* Morale information can be used to assess the training needs of group of people as a whole or of individual employees Since morale information covers various aspects of employees' functioning, it can disclose where a particular employee lacks and the gap can be filled by necessary training

5. *Creating Morale Consciousness* Morale building as system of managing can be better appreciated by managers if they are aware about it Morale survey brings such awareness. If anything is done on systematic basis in the organisation, it has its positive effect on managers by creating an awareness For example, cost reduction as method may bring cost-consciousness in managers Similar is the case with morale information collection.

Morale Building

Morale building in the organisation is a continuous process and a responsibility of every manager Thus, one best way of building morale in organisation is to have a successful and sound management, with top management interested in the employees at all levels, and with advanced personnel programmes for building employee relations The management should collect periodic information on the status of employee morale in the organisation Such morale information indicates the attempts to be made in particular direction In general, management can take some specific steps to improve morale in the organisation

1 *Sound Manpower Management* A manager in the organisation deals with human beings to get things done. He can inspire and activate or frustrate and dampen the enthusiasm of those working with him Thus, sound manpower management goes a long way in improving employee morale Though manpower management affairs are managed by personnel management in the organisation, it is the responsibility of every manager, because, in one sense, every manager is a personnel manager. Manpower management should clearly specify grievance handling, safety measures, discipline rules, and welfare activities These factors should be based on the realisation of

employee motivation and differences. Such measures help in improving employee morale which is reflected in low level employee absenteeism, turnover, and overall satisfaction.

2. *Human Relations Approach.* Human relations approach suggests that every individual should be treated as human being in the organisation Thus, no one group or individual is more important than others, rather the contribution of each should be recognised. The important human relationships are not only those related to organisation's internal system but adapting to the environment as well. Thus, in human relations approach, trusting, authentic relationships develop among people which result in increased inter-personal competence, inter-group co-operation, flexibility, and the like In this kind of environment, employees are given an opportunity to develop to the fullest potential and there is an attempt to make work exciting and challenging, consequently leading to more satisfaction to employees.

3. *Management of Attitudes* Morale is contagious. One reason, this is true, is that people learn from each other, from communication and connection Thus, attitudes exist, and the cultivation of favourable attitudes with morale building objectives is one of the important characteristics of management process Further, the centre of the process of managing attitudes is for the superior to first become the master of his own attitudes because a manager's attitudes are in a large part likely to reappear as attitudes of those who are near him in the organisation. The first-line supervisor is a key factor in morale because his morale has a multiplier effect on subordinates Hence the managers should know the state of supervisory morale and should try to change their attitudes favourably. Management has several alternatives in developing subordinate abilities, capacities, and behaviour patterns that they feel are most appropriate. On the one hand, they can use authority in the form of threat, punishment for non-compliance of behaviour; on the other hand, they can use persuasion, effective communication, leadership, and genuine interest in employees as a basis for encouraging them to perform adequately. Naturally the latter course of action goes a long way in raising the level of morale

4. *Organisation Design* Organisation structure has an impact on the quality of employee relations, particularly on the level of morale Generally organisations of large size tend to lengthen their channels of vertical communication, and to increase the difficulty of upward communication Therefore, the morale tends to be lower. As against this flat structure increases level of morale Such phenomenon is supported by research findings also. For example, Worthy has found, on the basis of depth interviewing, that flat structure increases employee morale.[28] Revans has studied organisation size, finding a generally positive relationship between organisation-sized and absenteeism, accidents, and strikes, and a curvilinear relationship between size and job performance, with job performance maximised in medium size

28 James C Worthy, 'Factors Influencing Employee Morale, *Harvard Business Review*, Jan -Feb 1950, pp 61-73

29 R W Revans 'Human Relations Management and Size, in E M Hugh-Jones, *Human Relations and Modern Management*, Amsterdam North Holland Publishing, 1968, pp 117-20

organisations[29] Flat structure generally increases morale by shortening the length of vertical communication, increased scope for self actualisation, and the realisation of individual's unique capabilities However, the structure should be backed by other measures to increase morale, otherwise it may result in less participation and independent thought and action resulting in lower morale

5. *Participation* Participation is a management and behavioural concept that has been advanced by human relations and organisation theorists as a way of improving employee morale and effectiveness. The superior-subordinate relationship emphasises that superior takes the decisions and subordinates implement them. However, in such a decision-making process, subordinates do not feel very enthusiastic in implementing the decisions As such, the subordinates should also be associated with decision-making process. McGregor defines participation as a natural way of management by means of intergration and self-control He considers participation as a range of possible managerial actions. Accordingly, the most suitable degree of participation is situation It depends upon many factors in situation, including the nature of the problems involved or issues to be decided, the kinds of people involved, and the manager's skill philosophy.[30]

6 *Job Enrichment.* As discussed earlier, job enlargement and job enrichment provide opportunity to overcome monotony, fatigue, disinterest and create the environment to satisfy high order needs, thus leading to higher morale However, they are not free of limitations. As such these should be used carefully as a means for morale building and general satisfaction.

7 *Conflict Handling* Conflict appears in many aspects of organisational behaviour, and it occurs to varying degrees. Basically, conflict refers to the clash of opposing demands It is not necessary that conflict is always dysfunctional. The existence of conflict can be viewed as a necessary, indeed a healthy, characteristic of organisation life However, excessive and sustained conflict generates potential for low morale. Therefore, conflict resolution is an important leadership responsibility. Morale building effort includes conflict resolution, and can be considered as means preventing excessive conflict. The methods of conflict resolution may differ according to the type, degree, and the nature of the conflict However, the preventive approach is valuable, and much conflict can be prevented before it breaks into open hostility and costly warfare The management can set procedure for effective handling of conflict in the organisation through collective bargaining, grievance handling, joint consultation, etc

8 *Other Measures* Besides the above factors by which morale of employees can be raised, management may adopt following measures to correct the impact of low morale

(i) To improve morale, the effective control of absenteeism and tardiness is achieved through good records, proper analysis and good supervision Analysis of such records helps in correcting the factors causing absenteeism and tardiness

30 Douglas McGregor, *The Human Side of Enterprise*, New York McGraw-Hill, 1967

(ii) To control employee turnover, the management should constantly collect and analyse facts and causes and take suitable action to overcome this problem

(iii) To overcome the problem of fatigue and monotony, management should identify the fatiguing and monotonous jobs and to explore possibilities for recombination of tasks and transfer between and among jobs Rest periods and improvement in working conditions also help in overcoming the problems of fatigue and monotony.

DISCUSSION QUESTIONS

1 What is organisational climate ? Discuss its importance in organisational behaviour

2 Discuss the similarities and difference between autocratic, custodial, and supportive models of organisational behaviour

3 'The basic factor which determines human behaviour in an organisation is related to the quality of human relations ' Discuss this statement

4 What is the concept of participative management ? How are the values of participative management important for modern organisations ?

5 What are the alternative theories of participation ? How does participation help in designing better organisational climate ?

6 Evaluate the state of participative management in Indian organisations

7 State the case for and against the concept of morale as state of individual satisfaction

8 What is the relationship between morale and productivity ?

9 How can morale information be collected ? To what use can such information be put ?

10 What are the main characteristics of employee morale that should be considered in management decision-making ? How can management build high morale in the organisation ?

Part IV
Structural Dimensions of Organisational Behaviour

18

Organisation Theory

Theme

To understand the role of organisation theory in design of organisation structure	To understand various approaches of organisation theory and their relevance for organisational design

The word theory and its meaning is derived from Greek word *Qewpix*, meaning theoria, that is, looking at, viewing, or contemplation. Thus, theory is a systematic grouping of interrelated principles. Principles are fundamental truths, or what are believed to be truths at a given time, explaining relationships between two or more variables Thus, theory explains essentially the relationships between independent and dependent variables. Rudner defines theory as a 'systematically related set of statements, including some law-like generalisation that is empirically testable and the sort of systematic relatedness is deductive relatedness [1] Organisation theory may be defined as the study of structure, functioning, and performance of organisations and the behaviour of groups and individuals within them Tosi has defined organisation theory as 'a set of interrelated constructs (concepts), definitions, and propositions that present a systematic view of behaviour of individuals, groups, and subgroups interacting in some relatively patterned sequence of activity, the intent of which is goal-directed.[2] But all the propositions are not principles in the true sense It would be better to call them formulations. Some formulations may be theoretic while others should more correctly be called non-theoretic.

Theoretic systems. The use of the term theory in the phrase organisation theory does not quite square with its meaning to the philosopher of science. Before a set of concepts is called a theory, certain requirements must be met. First, the concepts which are used to form theory must be observational, or experimental. They must be such that their existence can be verified through the examination of the phenomenon These concepts are formed and used in the deductive process based upon a set of rules which are also part of the theory. Second, postulates in the theory are testable relationships

1 Richard S Rudner, *Philosophy of Social Science,* Englewood Cliffs, N.J Prentice Hall, 1966, p 30

2 Henry L. Tosi, *Theories of Organisation,* Chicago . St. Clair Press, 1975, p 7

between concepts which the theorist uses as base from which to draw conclusions and inferences The postulates provide derivations and deductions to be made from initially selected set of concepts.

Non-theoretic Formulations Non-theoretic formulations do not meet the requirements of theory. They are of two types · definitional system and analytical schema A definitional system contains a set of statements which consist of a term and an attendant definition. An analytical schema, according to Rudner, includes over and above its system of definitions a set of analytic, or logically true or truistic sentences These are truistic not only by reference to empirical evidence, but by recourse to the systems definitions[3] These non-theoretic formulations are useful to the social scientists in that they ultimately become part of theory

Rudner states that it would probably be fair to say that vast preponderance of all formulations constituting the output of social scientists consist of such non-theoretic formulations.[4] If it is so, how does the term organisation theory apply which may well be called a part of social science ? Strictly speaking, it does not qualify to be designated as theory. At best, this contains various formulations dealing with organisation phenomena But there has been a general application of that label to the formulations which deal with the organisation phenomena This convention is followed and various formulations may be termed as organisation theory.

Organisation theory, though being important for understanding organisations, is yet to emerge as a unified body. Contributions in the field have come from intellectuals with widely different background, and not all of these have been suitably and adequately integrated to give a theory of organisation Rather in this fast-growing knowledge, repetitions and apparent contradictions quite often cause confusion This prevents in correctly perceiving the basic nature of organisations for *(i)* analysing and understanding of their functioning ; and *(ii)* identifying and providing solutions of the problems involved therein Notwithstanding this, some classificatory scheme should be found out to make the field of organisation theory more specific which integrates the vast fund of knowledge in the field. A scheme of classification of organisation theory may be to put it into classical, neo-classical, and modern , though such a classification may not be universal and suitable for all time to come This classification is based on the nature of organisations – structures, processes, and interdependence – as perceived by various persons engaged in the development in the field of organisation theory Each of these categories represents a legitimate point of departure for enquiry of organisations ; each has a different set of value judgments and biases which affect the manner in which the organisations work' Different theories utilise different assumptions about the needs people wish to satisfy through organisations. Consequently, they prescribe different structures and processes Yet each of them focuses on how organisations can be made more effective.

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3 Rudner, *Op cit*, p 31
4 *Ibid*, p 33

CLASSICAL ORGANISATION THEORY

The term classical in English language means something traditionally accepted or long established The classical theory is the beginning of the systematic study of the organisations The classical writers have viewed organisation as a machine and human being as different components of that machine. Their approach has focused on input-output mediators and has given less attention to *facilitating and constraining* factors in the external environment. The writers have dwelt on human behaviour only in rudimentary manner. Haire has identified the chief characteristics of classical organisation theory as follows :

1. Classical organisation theory is built on an accounting model
2. It maximises neatness and control
3. It puts special emphasis on the detection of errors and their correction after they have happened.
4. This approach to the organisation is the classical embodiment of the extra pair of hands concept
5. In designing the jobs and in picking these extra pair of hands, classical theory assumes man to be relatively homogeneous and relatively unmodifiable
6. Stability of the employees—stability in the sense of minimising change within the employees—is a goal in the organisation
7 Classical theory is in its essential character centralised, and the integration of the system is achieved through the authority and control of the central mechanism.[5]

It may be quite interesting to note how these propositions have been developed Among classical writers, few have emphasised the technological aspect of the organisation and have concentrated on how each individual in the organisation can be made more efficient On the other hand, many writers have emphasised the structural aspects of the organisation so that individuals' collectivity can be made more efficient Thus classical organisation theory presents two distinct streams . scientific management stream and administrative management stream

Scientific Management

Though some attempts were made earlier to study organisational problems, particularly its engineering problems, the real study in an organised way is recorded through the scientific management, with which Taylor, Frank Gilbraith, Lillian Gilbraith, Henry Gantt, and Harrington Emerson are associated. They have investigated the effective use of human beings in industrial organisations and studied primarily the use of human beings as adjuncts to machines in the performance of routine tasks The area of human behaviour in organisations investigated by them is quite narrow and the theories of human behaviour in this approach encompass primarily physiological variables As such this is also referred to as 'physiological organisation theory'[6]

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5 Mason Haire 'Philosophy of Organisation in Donald M Bowman and Francis M Fillerup (eds) *Management Organisation and Planning*, New York McGraw-Hill 1974 pp 4-5

6 James G March and Herbert A Simon *Organisations*, New York John Wiley 1958 p 13

The scientific management group has been most concerned with the kind of tasks that are performed on the production floor or at the operative levels These tasks are quite different from other tasks in the organisations First, they are largely repetitive so that the daily activity of an individual worker can be divided into a large number of cyclical repetitions of essentially the same, or closely related, activities Second, the tasks do not require complex problem-solving activity by those workers who handle them Thus more attention is required towards the standardisation of working methods This is what scientific management group has done Taylor, on the basis of his experiments at Midvale and Bethlehem, perceived several new functions of managers These are · *(i)* replacing rule-of-thumb method with scientific determination of each element of a man's job ; *(ii)* scientific selection and training of workmen ; *(iii)* co-operation of management and labour to accomplish work in accordance with scientific method ; and *(iv)* a more equal division of responsibility between managers and workmen.[7] Taylor has given various principles of scientific management as follows .

1. Separation of planning from doing ,
2 Functional foremanship of supervision, having eight different supervisors to give instructions in their respective fields ;
3. Job analysis, based on time, motion, and fatigue studies to determine fair amount of work ,
4 Standardisation of tools, period of work, working conditions, and cost of production ,
5. Scientific selection and training of workmen , and
6 Financial incentives to motivate workmen [8]

Most of other persons who were mostly contemporary of Taylor attempted on similar lines with very few variations For example, Frank and Lillian Gilbraith advocated three positional plan apart from carrying on experiments on time, motion, and fatigue studies [9] Gantt developed a Gantt chart to be used in production control [10] Emerson suggested an improved method of wage payment as well as 'the concept of line-staff relationship' instead of functional foremanship [11] These findings suggest that although the various individuals engaged in scientific management have given some different things, their approach was basically the same.

Critical Analysis of the Approach

Although the principles of scientific management were intended for broad application, as claimed by the contributors, the emphasis was not beyond the improvement at the shop levels They were more concerned about the efficiency of workers at actual work-place and had left the principles which could be applied to other functions of the organisation Similarly, they emphasised the physiological variables affecting human behaviour at work-

7 Frederick W Taylor, *The Principles of Scientific Management*, New York Harper, 1911
8 F W Taylor, *Op cit*
9 Frank B Gilbraith, *Primer of Scientific Management*, New York Harper, 1912
10 Henry L Gantt, *Work, Wages and Profits*, New York Harper, 1910
11 H Emerson, *The Twelve Principles of Efficiency*, New York Harper, 1917

place both in terms of work efficiency and methods of motivating the workers As such, the scientific management is more relevant to mechanisation and automation—technical aspect of efficiency—than to the broader aspects of human behaviour in organisation March and Simon observe that 'Taylor's contribution was not a set of general principles for organising work efficiently, but a set of operating procedures that could be employed in each concrete situation to discover the methods that would be efficient in that situation to secure their application.[12]

Machine model visualised organisational constancy as a rigid and static arrangement of parts, although maintenance is a dynamic process of preserving patterns of relationships by constant adjustments. Consequently, machine theory was sometimes wrong and sometimes right in its basic tenets, but it was always inadequate in dealing with the complexities of organisational structure and functioning It lacked the power of open-system theory to deal with significant organisational variables Specifically, *(i)* it took little account of constant commerce of the system with its environment. The constantly changing environmental influences necessitate constant changes in the organisation *(ii)* It neglected many types of input-output exchange with the environment.[13]

Administrative Management Theory

Scientific management group was primarily concerned with problems at the operative level and did not emphasise managerial organisation and process. The administrative theorists—Weber,[14] Fayol,[15] Gulick,[16] Sheldorn,[17] Mooney and Reiley,[18] and Urwick[19]—have viewed the central problem as being one where there must be identification of tasks necessary for achieving the general purpose of the organisation and of the grouping or departmentation to take place to fulfil those functions most effectively. As such, this approach is referred to as departmentalisation The similarity between scientific management and administrative management theories is found in the context that both treat organisation as a closed system , however, there are differences between the two. March and Simon observe that 'they (scientific management and administrative management theorists) share, particularly in their more formal versions, a preoccupation with the simpler neurophysiological properties of humans and the simpler kinds of tasks that are handled in organisations However, the administrative management theorists tended to

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12 March and Simon, *Op cit*, p 20

13 Daniel Katz and Robert L Kahn, *The Social Psychology of Organisations*, New Delhi Wiley Eastern, 1970, p 72

14 Max Weber, *The Theory of Social and Economic Organisation*, translated by A M Henderson and Talcott Parsons, New York Oxford University Press 1947

15 Henry Fayol, *General and Industrial Administration*, London Pitman 1949

16 L Gulick and L Urwick (eds) *Papers on the Science of Administration*, New York Institute of Public Administration, 1937

17 Oliver Sheldon, *The Philosophy of Management*, London Pitman 1923

18 J D Mooney and A C Reiley, *Onward Industry*, New York Harper 1931

19 L F Urwick *The Elements of Administration*, New York Harper 1943

carry their analysis, at least at the level of wisdom and insight, beyond the boundaries set by their formal models [20]

Weber and Classical Theory

Max Weber, a German social scientist, is regarded as the father of bureaucracy, a basic content of classical organisation theory relating to structure and administrative process of the organisation. He has emphasised that bureaucratic organisation is the most rational means of carrying out imperative control over human beings A bureaucratic organisation is characterised by specialisation, hierarchy of authority, rules, impersonal relations, and trained administrative personnel. Bureaucracy has many implications in the field of organisation theory, therefore, it will be taken for detailed study in a later chapter.

Fayol and Classical Theory

Fayol, the real father of administrative management theory, has viewed the organisational problems from the top level He has observed the organisational functioning from manager's point of view and found that activities of an organisation can be divided into six groups . *(i)* technical, *(ii)* commercial, *(iii)* financial, *(iv)* security, *(v)* accounting, and *(vi)* managerial He accepts that out of these first five activities are well known to most of the managers , consequently, he emphasised the managerial activities He has classified the managerial activities into five parts : planning, organising, commanding, coordinating, and controlling. He has given fourteen principles through which these activities can be performed. These principles have become the basis of classical organisation theory. These principles are as follows ·

1 *Division of work.* The object of division of work is to derive the benefits from the principles of specialisation This can be applied to all kinds of work, management as well as technical

2. *Authority and Responsibility* The authority and responsibility are related with the latter, the corollary of the former and arising from the former. He finds authority as a continuation of official and personal factors. Official authority is derived from the manager's position and personal authority is derived from intelligence, experience, moral worth, past services, etc Responsibility arises out of assigning the work.

3. *Discipline.* All the personnel serving in the organisation should be disciplined Discipline is obedience, application, energy, behaviour, and outward mark of respect shown by employees Discipline can be classified into two types self-imposed discipline and command discipline The former springs from within the individual and is in the nature of spontaneous response to a skilful leader Command discipline stems from a recognised authority and utilises deterrents to secure compliance with a desired action, which i expressed by established customs, rules, and regulations the ultimate strength of command discipline lies in its certainty of application

4 *Unity of Command* Unity of command means a person in the organisation should receive orders from only one superior The more

20 March and Simon, *Op cit*, p 22

completely an individual has a reporting relationship to a single superior, the less the problem of conflict in instructions and the greater the feeling of personal responsibility for results. The principle of unity of command is useful in the classification of authority-responsibility relationships. Fayol has considered it very important for organisational efficiency He goes on writing, 'should it (unity of command) be violated, authority is undermined, discipline is in jeopardy, order disturbed, and stability threatened. This rule seems fundamental to me and so I have it to the rank of a principle.[21]'

5. *Unity of Direction* Unity of direction means 'one unit and one plan'. According to this principle, each group of activities with same objective must have one head and one plan The unity of direction is different from unity of command in the sense that former is concerned with personnel at all levels Fayol writes that, 'unity of direction (one unit, one plan) must not be confused with the unity of command (one employee should have orders from one superior only) Unity of direction is provided for by sound organisation of the body corporate, unity of command turns on the functioning of the personnel. Unity of command cannot exist without unity of direction, but does not flow from it[22]

6. *Subordination of Individual to General Interest.* Common interest is above the individual interest and when there is conflict between these two, the common interest must prevail However, factors like ambition, laziness, weakness, etc., tend to reduce the importance of general interest.

7 *Remuneration of Personnel.* Remuneration and methods of payment should be fair and provide maximum possible satisfaction to employees and employers.

8 *Centralisation* Everything which goes to increase the importance of the subordinate's role is centralisation, everything which goes to reduce it is decentralisation. Without using the term 'centralisation of authority,' Fayol refers to the extent to which authority is centralised or decentralised This pattern is determined by individual circumstances and should be based on optimum utilisation of all faculties of the personnel

9. *Scalar Chain* There should be a scalar chain of authority and communication ranging from the highest to the lowest positions. It suggests that each communication going up or coming down must flow through each position in the line of authority It can be short-circuited only in special circumstances when its rigid following would be detrimental to the organisation For this purpose, Fayol has suggested 'gangplanks' which is used to prevent the scalar chain from bogging down action. His gangplank can be presented as follows :

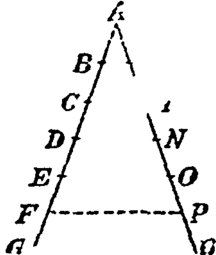


Fig 18 1 Scalar Chain and Gangplanks

21 Fayol, *Op cit*, p 35

22 *Ibid*, p 69

In this figure, A is the top man having immediate subordinates B and L. In turn, B and L are having immediate subordinates C and M. This continues up to the level of G and Q. Ordinarily, the communication must flow from A to B to C to D and so on It means if any communication is going from F to P, it will flow from F to E reaching A via D, C, B, and coming down to P via L, N, and O. Fayol suggests that this system takes time and can be substituted by gangplank (dotted line) without weakening the chain of command It would only be necessary for the superiors of F and P to authorise them to deal directly provided each informed his superiors of any action taken. Fayol writes that 'it allows the two employees F and P to deal in a few hours with some question or other which via the scalar chain would pass through twenty transmissions, inconvenience people, involve masses of paper, lose weeks or months to get to a conclusion less satisfactory than the one which could have been obtained via direct contact [23]

10 *Order* This is a principle relating to the arrangement of things and people In material order, there should be a place for everything and everything should be on its place Similarly in social order, management of right man should be in the right job.

11 *Equity* Equity is the combination of justice and kindliness. The application of equity requires good sense, experience, and good nature for soliciting loyalty and devotion from subordinates

12 *Stability of Tenure* Stability of tenure is essential to get an employee accustomed to new work and succeeding in doing it well. Unnecessary turnover is both the cause and effect to bad management.

13 *Initiative* Initiative is concerned with thinking out and execution of a plan Initiative increases zeal and energy on the part of human beings. Managers should secure as much initiative as possible from the subordinates.

14 *Esprit de corps* This is the principle of 'union is strength' and extension of unity of command for establishing team-work Proper communication is important in obtaining it

Besides Weber and Fayol, main contributions in classical orgasnisation theory have come from Gulick, Mooney and Reiley, Sheldon, and Urwick Their contributions are also on the similar pattern Now the main ingredients of classical theory can be summarised This can be seen in terms of division of work, departmentalisation, coordination, and human behaviour in the organisation These are also known as pillars of classical organisation theory

1.Division of Work

The division of work implies that work must be divided to obtain a clear-cut specialisation with a view to improving the performance of the organisation The division of labour as described by Adam Smith in his 'Wealth of Nations' is the basic ingredient of division of work in this approach The approach rests firmly on the assumptions that the more a particular job is broken down into its simplest component parts, the more specialised a worker can become in carrying out his part of the job The more specialised

23 Fayol *Op cit*, pp 35-36

a worker becomes in fulfilling his particular job, the more efficient the whole organisation will be. For division of work, it is necessary to identify the work to be accomplished. Fayol has identified six such functions: technical, commercial, financial, security, accounting and managerial. However, out of these, only first five are horizontal functional differentials. Division of work is involved with differentiating the tasks necessary to accomplish an objective. Each differentiated task can be handled separately either by different individuals or the same individual at different times. The process can be repeated several times and the differentiated tasks at one level are divided into subtasks at the next.

2. **Departmentalisation**

Division of work is followed by its assignment to the individuals responsible for its performance. Though problems of assignment of jobs among individuals have received attention from mathematicians in terms of optimum assignment, administrative theorists have viewed this problem differently. They are concerned primarily with the way in which the work is assigned to the individuals so that their specialisation can be used effectively. Putting it in another way, the problem is to find out the ways in which to group the tasks into individual jobs, to group into individual administrative units, to group units into larger units, and finally to establish the departments at the top level so that costs involved in carrying out these organisational work are minimum.

Gulick and Urwick have suggested five alternative bases for grouping work: purpose, process, clientele, place, and time.[24] Most of other contributors who have studied this problem agree with this except with substitution of product for purpose.

3. **Coordination**

Coordination is the orderly arrangement of group effort to provide unity of action in pursuit of common purpose. Each individual in the organisation is related with others and his function affect others. Thus all persons in the organisation contribute to the organisational efficiency and this efficiency will be maximum when each individual's efficiency is maximised and integrated. If this is not integrated, the efficiency of some individuals may be counter-productive. According to administrative theorists, in its formalised model of the departmentalisation, problems of coordination are eliminated because whole set of activities to be performed is decided in advance and once these activities are assigned to organisational units or individuals, the problem is solved. However, many of the classical writers view coordination as a significant problem. This contradiction exists because of the differences in the formal model and real world situation. In the formal model, the activities may be well defined in advance and these may be classified to the ultimate level of specialisation but the occasion for the performance of these activities may not be determined in advance, rather, it will be determined by environmental stimuli—instruction, information, etc. As such, behaviour in the organisation is not determindd in advance and once for

24 Gulick and Urwick, *Op cit*

all. The routinised organisation may be in static way in terms of the types or activities but it is quite different from describing the actual set of activities with the time factor attached with it.

4 **Human Behaviour in Organisation**

The theorists take human beings in the organisation as an inert instrument performing the tasks assigned to them Further, there is a tendency to view personnel as given rather than as a variable in the organisation Barring few exceptions, they have ignored the socio-psychological and motivational aspects of human behaviour. As a result, many of the observations made about the physiological organisation theory also apply here The employees put maximum work if they are satisfied monetarily, as such the remuneration and methods of payment should be fair and provide maximum satisfaction to employees, and employers Thus physiological satisfaction is the basis of work performance and efficiency Further, the set of persons functioning in the organisation is an initial condition rather than a variable. It has been emphasised that there should be stability of tenure of personnel The stability of tenure is essential to get an employee accustomed to new work and succeeding in doing it well Unnecessary turnover is both the cause and effect of bad management Thus this theory suffers like the previous theory in predicting and controlling the human behaviour in the organisation, Moreover, since the personnel are variable in any organisation because organisation, by definition itself, has provision for substitution of personnel and recombination by their transfer and promotion, the assumption of fixed personnel may be removed even in dealing with assignment problem.

Beside these pillars classical writrs have given some principles which they claim to be 'fundamental', 'essential', 'inevitable', and 'universal', Though there is some divergence among writers over various principles, considerable amount of anonimity is found. The major principles are span of control, unity of command, unity of direction, scalar chain communication, authority and responsibility, coordination principles, and parity of authority and responsibility

Appraisal of Classical Theory

Classical organisation theory—physiological theory combined with administrative management theory—has attracted numerous criticisms, particularly from neo, classicists. Such criticisms have been made against the theory as a whole or particular principles thereof

Criticisms of Whole Theory

According to the present requirements of the organisations, classical theory suffers from many limitations These limitations have been summarised by March and Simon as follows (*i*) The motivational assumptions underlying the theories are incomplete and consequently inaccurate (*ii*) There is little appreciation of the role of intraorganisational conflict of interest in defining limits of organisational behaviour. (*iii*) The constraints placed on the human being by his limitations as a complex information-processing system are given

25 March and Simon, *Op cit*

26 Bennis, *Op cit*

27 Katz and Kahn *Op cit*

little consideration (iv) Little attention is given to the role of cognition in identification and classification as well in decision (v) The phenomenon of programme elaboration receives little emphasis[25]. Similar criticisms have been offered by others too For example, Bennis suggests that the focus of classical theory is on 'organisation without people'.[26] Katz and Kahn feel that this theory is inadequate in dealing with the complexities of organisation structure and functioning[27] These criticisms are based on the inadequacy of the theory in explaining the organisational behaviour fully. If we integrate the various criticisms of classical organisation theory the following conclusions emerge

1 *Close System Assumptions* Classical theorists have viewed an organisation as a closed system A closed system is one that has no environment and hence no interaction with outside world However, this close system assumption about the organisation is unrealistic Thus the model fails to consider many of the environmental influences upon the organisation as well as many important internal aspects. Simplifying assumptions have been made in order to reduce uncertainty, a process which often leads to an incomplete view of actual organisational situations

2 *Static View of Organisation* Classical theory takes a rigid and static view of the organisation, although it is a dynamic phenomenon which suggests that organisational patterns are determined through constant adjustments The adjustments are necessary keeping in view the requirements of organisational environment and its various internal parts Thus, the best organisational pattern is one which meets its external and internal requirements, and these requirements are dynamic, ever-changing.

3 *Unrealistic Assumptions about Human Behaviour* A major criticism of the classical theory concerns with its unrealistic assumption about human behaviour Classical theorists lack sensitivity to the behavioural dimensions of an organisation and make over-simplified and mechanistic assumptions for the smooth running of organisations ignoring the extreme complexity of human behaviour They take human being in the organisation as an inert instrument performing the tasks assigned to them Further, there is a tendency to view personnel as given rather than as a variable in the organisation Thus, they have ignored the socio-psychological and motivational aspects of human behaviour. Accordingly the treatment of human beings in the organisation on the pattern of classical assumptions may lead to frustration, conflict, and failure

Criticisms of Principles

A major contribution of classical theorists is the formulation of various principles of organisation Though various writers have their own view on these principles and there is great amount of difference in these principles, they have emphasised that these principles are universally applicable In fact, this was so until researches on these principles disclosed otherwise The main criticisms of classical principles are as follows

1 *Lack of Empirical Research* The various classical concepts and principles written by practitioners in management are based only upon personal experience and limited observation The principles have not stood the

test of rigorous empirical research using scientific methods Moreover, it is not clear whether principles are action recommendation, or definitions A principle establishes cause and effect relationship of a function that is observed to be present in an organisation From this point of view, it becomes necessary to define some independent specifications of what is meant by an organisation so that the principles do not become s v a part of the definition of an organisation Since, this has not been ith any consis-tency, these principles become empirically vacuous Perhaps, the most crucial failure of administrative management theory is that it does not conform with practice The theory tends to dissolve when put into testable form. Thus not a single principle is applicable to all organisational stuations and sometimes one contradicts each other

2 *Lack of Universality* Classical theorists, particularly administrative management theorists, have suggested that various principles of organisation have universal application This suggests that the same principles can be applied in (*i*) different organisations (*ii*) different management levels of the same organisation, and (*iii*) different functions of the same organisation Empirical researches, however, suggest that there is not even a single principle which is applicable in all these circumstances Further many of the principles actually are internally contradictory For example, principle of specialisation is frequently in conflict with the principle of unity of command Thus, following fundamental classical principles—the main pillars of classical theory--have been questioned and either they are not applicable or applicable without much benefits

(i) Hierarchical Structure. According to classical theory, hierarchical structure is the basic premise of authority relationships in the organisations Hierarchical structure refers to arrangement of individuals superior-subordinate relationships in an organisation There is a major connection be-tween the institution of hierarchy based upon position within the organisa-tion and the growing importance of technological organisation with authority of knowledge Thus in complex organisation hierarchical structure is greatly modified

(ii) Unity of Command Classical theory suggests that each person should have only one superior; however, the trend is changing and organisation members receive some sort of supervision from other members in the organisation such as staff personnel. The organisations formally provide such supervision procedure and the people, instead of working under unity of command, work under multiple command

(iii) Span Conttol The classical approach to the span of management has dealt with generalisations embodying specific number of subordinates for an effective span The theory suggests a narrow span of management, and prescribes a specific number of subordinates under the direct supervision of one manager However, the operational approach suggests that this is not so and a wider span of management is far better for organisational functioning.

(iv) Scalar-Functional Principle The scalar-functional principle suggests that authority equates the capacity of people actually performing organisational functions This assumption of classical theory does not hold good because in actual practice capacity may exceed authority Thus these

situations require adjustment between jobs and individuals Neo-classists indentify two shortcomings of this principle First, it is not instrumentally possible to gain a real feel of individual ability so that an adequate match can be made between individual ability and lines of organisational career opportunities Second, the matching of ability and authority is further modified by the informal relationships Thus what is prescribed as a balance within the logic of formal organisation may not be true.

The various criticisms of classical organisation theory should not lead one to feel that this does not offer any guidance for managerial actions in the organisation. In fact, many of the classical principles are still applied successfully in many organisations This shows that classical theory has some validity, if not much, in managing an organisation Scott observes that 'it would not be fair to say that the classical school is unaware of the day-to-day administrative problems of the organisation Classical organisation theory has relevant insights into the nature of organisation, but the value of this theory is limited by its narrow concentration on the formal anatomy of organisation.[28]

NEOCLASSICAL ORGANISATION THEORY

The classical organisation theory which focused attention on the physiological and mechanical variables of organisational functioning was tested in the field to increase the efficiency of the organisations Surprisingly, positive aspects of these variables could not evoke positive response in work behaviour and researchers tried to investigate into the reasons for human behaviour at the work. They discovered that the real cause of human behaviour was somewhat more than mere physiological variables These findings generated a new phenomenon about the organisational functioning and focused attention on the human beings in organisations These exercises, since departed from the earlier approach, were given new name Such an approach is referred to as 'behavioural theory of organisation', 'human view of organisation', or 'human relations approach in organisation',

This approach, born out of the reactions to classical approach, has attracted lot of literature during the last four-five decades. The essence of behavioural approach is contained in two points (*i*) organisational situation should be viewed in social as well as in economic and technical terms; and (*ii*) the social process of group behaviour can be understood in terms of clinical method analogous to the doctor's diagnosis of human organism The behavioural approach emphasises on the task of complementing for some of the deficiencies in classical doctrine Though the behavioural approach takes the postulates of classical school regarding the pillars of organisation as given, these postulates are regarded as modified by people acting independently or within the context of the informal organisation Thus it views organisation as a combination of both formal and informal forms of organisation The latter form was missing in classical approach Another contribution of behavioural approach is the introduction of behavioural science in analysing the nature of organisation Through the use of this science, behavioural writers have

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28 William G Scott, 'Organisation Theory. An Overview and Appraisal', *Journal of the Academy of Management*, April 1961 pp 7-26

demonstrated how the pillars of classical doctrines—division of labour, specialisation, structure, and scalar and functional processes—are affected and modified by human actions Since this approach has suggested only modifications in the basic postulates of classical theory, it is referred to as neoclassical theory

The main propositions of neoclassical theory are as follows.

1. The organisation in general is a social system
2. The social environments on the job affect people and are also affected by them and not management alone
3. In the formal organisation, informal organisation also exists and it affects and is affected by formal organisation
4. A conflict between organisational and individual goals often exists which increases the importance of integration between these two
5. Man is interdependent and his behaviour can be predicted in terms of social and psychological factors.
6. Man is diversely motivated and wants to fulfil different types of needs.
7. Man's approach is not always rational. Often he behaves irrationally in terms of the rewards which he seeks from the work
8. Communication is necessary as it carries information to the functioning of the organisation and the feelings and sentiments of the people who work in it.
9. Team-work is essential for co-operation and sound organisational functioning. This work is not automatic but achieved through behavioural approach

Neoclassical Theory and Organisational Design

Various findings of the neo-classical theory lead to the organisational design in the following way It can be seen that neoclassical theory offers modifications over the classical structures

1. *Flat Structure.* Neoclassical organisation theory suggests flat structure as against the tall structure suggested by classical theory. Flat and tall structures are extension of the span of control concept of classical theory and relate to the vertical structural arrangement for the whole organisation. There are certain problems in tall structure with narrow span of control. These are. communication problem, increased difference between decision-makers and implementors, motivation problem, and expense As against this, flat structure with wide span of control is more suitable for motivating human being in the organisation. In this structure, communication chain is shorter. People prefer flat structure because it is more free of hierarchical control They feel more autonomy and develop independent spirit. Flat structure thus is more in accordance with assumptions of Theory Y of McGregor.

2. *Decentralisation.* The neoclassical organisation theory suggests decentralisation in organisation structure Departmentation, although mentioned by classical theory and associated with its concept of specialisation, is broader and more analytical in neoclassical theory and relates to the horizontal organisation at one level of hierarchy. Decentralisation is closely related to

flat structure as wide span will result more in horizontal increase in people The decentralised structure offers various advantages and is more in accordance with the various characteristics and propositions of human beings in the organisation, as identified by the neoclassical theorists

3 *Informal Organisation* A noteworthy point of neoclassical theory is the informal organisation This aspect has been left altogether by classical theory In order to understand the organisational functioning fully, both formal and informal aspects of the organisation must be studied. Formal organisation structure represents as closely as possible the deliberate intention of its framers for the purpose of interactions that are expected to take place among its members The informal organisation, on the other hand, is created because of the limitation of the formal organisation to fulfil the members' needs, particularly the psychological ones Actual organisation behaviour is determined with interaction of these two.

Appraisal of Neoclassical Theory

Neoclassical organisation theory, born out of reaction of classical theory, offers certain improvement over the latter It has tried to overcome the limitations of classical theory by modifying it and making it more humanistic The neoclassists have introduced behavioural science in the study of organisational functioning which has helped practising managers quite a lot

However, neoclassical theory is not free from its shortcomings Scott observes that, 'like classical theory, neoclassical theory suffers from incompetency, a short-sighted perspective, and lack of integration among many facets of human behaviour studied by it [29] The criticisms range from 'human relations as a tool for cynical puppeteering of people' to human relations is no more than a trifling body of empirical and descriptive information'. In fact, the neoclassical theory has been called bankrupt The main criticisms of the neoclassical theory are as follows·

1. Many of the assumptions of neoclassical theory on which it bases its recommendations for organisational design and functioning are not true. The assumption that it is always possible to find out a solution that satisfies everybody is not true Often there are sharp conflicts of interest among various groups in the organisation that are structural in character and not merely psychological This aspect has not been dealt adequately in neoclassical theory.

2 The various structures and formats of organisations given by neoclassists are not applicable in all situations As will be seen later on, no particular structure will serve the purposes of all organisations Thus humanistic organisations may have their limited application

3 Neoclassical theory lacks unified approach of organisation theory. In fact, it is not a new theory at all All that has been done in neoclassical theory is mere modification of classical model. It is basically concerned with organisational modification rather than organisational transformation Thus neoclassists have the same limitations as the classists have

MODERN ORGANISATION THEORY

Modern organisation theory (MOT) is of recent origin, having developed in early 1960's It is an integrative theory and combines the

29 Scott *Op cit*

valuable concepts of classical models with the social and behavioural sciences (human and behavioural models). It is an amorphous aggregation of these models in the meaningful way to enable us to understand organisations MOT truly represents a theoretical breakthrough in the organisational analysis However, it is not entirely a new approach or idea but it is the integration of various models which is new. MOT has been evolved on the pattern of general system theory (GST). GST studies the various parts of a system in an integrated way, it considers the interaction of the system with its environment, it considers the interaction of various subsystems of the system; and it takes into account the problems of growth and stability of the systems MOT does the same thing for the organisation system. While GST is relevant for the study of any system, MOT has relevance for organisational study

Features of Modern Organisation Theory

Modern organisation theory has a number of features which differentiate it from other organisation theories. These characteristics are as follows

1 *Open System View* MOT takes organisation as an open system It implies that the organisation continiously interacts with its evironment for its survival and growth Thus, an organisation has different elements· input, transformation, process, output, feedback, and environment. This is where MOT differs from classical theory which treats organisation as a closed system

2 *Adaptive* MOT takes organisation as an adaptive system. Organisation being an open system, its survival and growth in a dynamic environment demands an adaptive system which can continuously adjust to changing environment Organisation tends to achieve environmental constancy by bringing the external world under control, or bringing internal modification of organisational functioning to meet the needs of the changing world Since there is a provision of feedback mechanism,it can evaluate its performance and take corrective actions

3 *Dynamic* Organisation as a system is dynamic It suggests that organisation attempts at achieving equilibrium However, this equilibrium is not static as happens in mechanical system Organisation moves towards growth and expansion by preserving some of the energy. Oorganisational effectiveness depends on this energy exchange Therefore, it is not only the internal processing process that determines the effectiveness of management but also how it interacts with the changing environment in terms of taking inputs and giving outputs also determines its effectiveness

4 *Probabilistic* MOT is probabilistic and not deterministic. A deterministic model always specifies the use of model in a condition with predetermined results Therefore, the outcome of an action can be predicted accurately For example, if one wants to get the total of 250 and 500, he can press the button of a calculator and gets 750 This is possible because the outcome is certain In case of probabilistic model the outcome can be assigned only probability and not certainty For example, if a coin is tossed, the probability of getting a head is 0 5 But one cannot say with certainty that there will be 50 heads out of tossing of a coin 100 times MOT being probabilistic points out only the probability and never the certainty of the performance

and consequent results Management has to function in the face of many dynamic variables and there cannot be absolute predictability of these variables For example, we make forecast of future events but the forecast is relevant to a certain degree only and not to the level of certainty This is what MOT takes into account

5 *Multilevel and Multidimensional* MOT points out the multilevel and multidimensional features of organisation. It has both macro and micro approach. At macro level, it can be applied to suprasystem, say a business system as a whole At micro level, it can be applied to an organisation Even it can be applied to a subsystem of an organisation However, it has the same characteristics at all these levels suprasystem level, system level, and subsystem level Thus both parts and whole are equally important

6 *Multivariable.* MOT is multivariable and involves taking into account many variables simultaneously This suggests that there is no simple cause effect phenomenon, rather an event may be the result of so many variables which themselves are interrelated and interdependent. This interrelatedness and interdependence makes managing quite a complex process Thus it realises the complexity of modern organisations

7. *An Integrated Approach* MOT takes an integrated view It identifies the reason for a phenomenon in its wider context taking into the total factors affecting the phenomenon In other approaches, a particular phenomenon has been explained in terms of a single factor or cluster of factors MOT tries to integrate the various factors to find out the reasons behind a phenomenon It emphasises on how the management of one subsystem of the organisation should be taken in relation with others because other subsystems become environment for the given system. Thus the problem in one subsystem should not be traced into the subsystem only but in a much wider context

Modern organisation theory can be understood in two approaches systems approach and contingency approach These approaches are quite interrelated though emphasis on certain aspects differs in both these approaches For understanding systems approach, it is desirable to understand a system

Features of a System

A system is an assemblage of things connected or interrelated so as to form a complex untiy a whole composed of parts and sub-parts in orderly arrangement according to some scheme or plan This has been defined as "an organised or complex whole, an assemblage or combination of things or parts forming a complex unitary whole "[30] On the basis of this definition, various features of a system can be identified

1 A system is basically a combination of parts, subsystems Each part may have various sub-parts When a subsystem is considered as a system without reference to the system of which it is a part, it has the same features of a system Thus a hierarchy of systems and subsystems can be arranged For example, the universe is a system of heavenly bodies which includes may subsystems of stars called galaxies Within a galaxy, there is solar system When we consider galaxy

30 Richard A Johnson, Fremont E Kast and James E Rosenzweig, *The Theory and Management of System*, New York McGraw-Hill, 1973, p 4

as a system, solar system may become a subsystem but we can also consider solar system consisting of so many planets. In the same way, an organisation is a system of mutually dependent parts, each of which may include many subsystems

2. Parts and sub-parts of a system are mutually related to each other, some less, some directly, some indirectly This relationship is snot natural, given, or unalterable in a social system The relationship is in the context of the whole Any change in one part may affect other parts also. Therefore, how various parts are given relationship is important for the functioning of the system

3 A system is not merely the totality of parts and subparts but their arrangement is more important. The whole becomes greater than the total of individual parts because of the type of arrangement made in these parts and subparts Thus a system is an interdependent framework in which various parts are arranged

4 A system can be identified because it has a boundary. In the case of physical system, this boundary is quite visible and, therefore, the system can be identified easily However, in the case of a social system, the boundary is not visible because it is not like a line or wall that functions to preserve or to define what is inside Instead, the boundary maintains proper relationship between the system and its environment—objects lying outside the system. Identification of this boundary in the case of human organisation facilitates the management of a system by differentiating those which can be controlled because they are the parts of the system and those which cannot be controlled because they are outside the system

5 The boundary of a systems classifies it into two parts: closed sytem and open system All living organisms are open system while all non-living system are closed system The major differences between the two are as follows:

(i) Closed system are those that have no interaction with environment, that is, no outside system impinges on them or for which no outside systems are to be considered Open systems are those that interact with their environment, that is, they have systems with which they relate, exchange, and communicate

(ii) Closed systems are self-contained and self-maintaining as they do not interact with the environment Open systems interact with their environment and in this interaction, they import energy and export output Because of this interaction, closed systems are rigid and static but open systems are dynamic and flexible as they are subject to change by environmental forces

(iii) Closed systems are generally mechanical, for example, an automatic watch Therefore, once they are set, they work. However, open systems are affected by environmental factors and they have to be adjusted according to environment They, thus, require restructuring because of change in environment.

(iv) Closed systems are like close loop while open systems are characterised by negative entropy. They import more energy than is expended or consumed Thus, they can grow over the period of time When this relationship is reversed the open systems decline

(v) Open systems have feedback mechanism that helps them to maintain homoeostatic, a kind of equilibrium Homoeostatic is a process through which a system regulates itself around a stable state For example, human body works on the principle of homoeostatic. It maintains its temperature relatively at a constant level despite variations in the environmental temperature. Similarly thermostat maintains this equilibrium However, organisational equilibrium is not static It being a dynamic system, gets feedback to maintain dynamic equilibrium. In closed systems, there is no such feedback mechanism

The distinction between closed and open systems is there but really no system is a closed one but has some properties of open systems The classification of various systems into closed and open is not very proper. Therefore, it is more appropriate to think of systems in terms of the degree to which they are open or closed rather than using a dichotomy of open-close

6 System transforms inputs into outputs This transformation process is essential for the survival of the system There are three aspects involved in this transformation process· inputs, mediator, outputs. Inputs are taken from the environment, transformed into outputs, and given back to the environment Various inputs may be in the form of information, money, materials, human resources, etc Outputs may be in the form of goods and services The total relationship may be called as input-output process and system works as mediator in this process However, in this process, system restores some of the inputs taken from the environment. Restoring the inputs taken from the environment helps the system maintain its structure and avoid decay and death Thus the system can grow over the period of time For example, a business organisation survives and grows over the period of time by earning profit in the process of transforming inputs into outputs Profit is essential for the organisation to survive.

Organisation and Biological Systems

There are many levels of systems, ranging from simple static system to dynamic complex system The basic characteristics of a system are found in all such systems However, all such systems are not exactly alike, for example, biological and social systems—organisations—have many things in common, still they differ in several other aspects Katz and Kahn have made a comparison between biological and social systems.[31] There are certain similarities in both the systems but there are certain differences also. The major difference can be traced in the fact that social systems are characterised by greater variability than biological systems This difference puts both the systems quite apart so far as their working is concerned. The major similarities and differences between the two systems are as follows·

Similarities

Both organisational and biological systems have following things in common :

1 Organisation and biological systems have parts which are interrelated and interdependent Both these systems have several subsystems mutually interacting Thus what happens to one sub-system is transmitted to other sub-systems It implies that the change in one part cannot be introduced without understanding its implication to other parts.

31 Katz and Kahn, *Op cit*

2. Both the systems are open systems and interact with their environment Out of these interactions, they try to adapt to the requirement of the situations. Its implication is that any system not adapting to the environmental requirements is unable to survive

3. Both these systems have tendency to grow provided they survive in the adaptation process

Dissimilarities

Though both these systems share many common characteristics, they differ in many other respects Following are the major differences between the two systems

1 Unlike biological system, the organisations are creations of living organisms, that is, human beings As such they are more contrive in nature, and hence imperfect The contrive nature of a system implies that the system may have parts but interrelationships among these parts may not be precise and definite For example, organisational parts have relationships but these relationships are not precise and unalterable In biological systems, the constituent parts are sufficiently stable and fixed in a prescribed manner

2 Another difference between organisation and biological systems lies in the way they are identified Biological systems have both anatomical structures—physical features—and physiological processes—functioning Thus, they can be identified even if they are not working. Thus they can be studied in both these terms—structure and functioning As against this, organisational systems have physiological characteristics and they cannot be identified or studied without their physiology.

3. The predictable growth curves of biological systems do not necessarily apply to organisation systems Organisations are both more vulnerable to destruction and more long-lived than biological system In biological systems, parts and subparts wear and tear out and can work up to certain time period Moreover, changes in these parts cannot be made easily either through substitution or reorganisation Thus these parts can work up to a certain time period only As against this, organisation systems are characterised by replacement and reorganisation of parts Thus through these methods, organisations can work for indefinite period. However, at the same time, they are vulnerable to destruction if they do not function properly Organisation systems may, thus, grow, decline, or may remain stagnant over a period of time

4. The various elements of organisation systems are not held by any physical or biological ties but are held together by psychological and social relationships. This provides more variability in the organisation systems. Thus to hold various organisational parts together, a control and balance mechanism is required The designing of this mechanism determines to a very great extent the longevity of the organisations

5 Unlike biological systems, organisations may be created and used for many purposes They can change their purpose and goals many times during their existence depending upon the requirements, though certain outside forces also interfere in this process For example, the organisational goals must be inconsistence with social demands The biological systems do not have

such variability. In fact organisation can be described as a complex dynamic system.

Organisation as a Complex Dynamic System

As pointed out earlier, organisation can be treated as a complex dynamic system. Thus the organisation has the following characteristics:

1. Organisation, being an open system, continuously interacts with its environment. Therefore to understand organisation, its boundry must be identified

2 Organisation in interaction with its environment can be understood as input-output model

3. Organisation as a system has multiple objectives, as discussed in the previous chapter.

4. Organisation system has various subsystems within it and each subsystem interacts with others.

5. For integrating various subsystems, there is a need for interlinking them through some processes

These points can be taken for detailed study to understand organisation as a system.

Organisation and its Environment

Organisation is an open system interacting continuously with its environment. Therefore, to understand organisation, it must be separated from its environment by prescribing its boundary Boundary refers to the type of barrier conditions between the system and its environment. Boundary is the demarcation lines or regions for the definition of appropriate system activity, for admission of members into the system and for other imports. The environment may be defined as comprising all systems over which the decision-maker has no control. The environment is the sum of factors that make it up, such as war and peace, science and ethics, international economic and political attitudes and alliances, cultural and traditional patterns, national and political and economic conditions, unionisation, community attitudes, and national interests of consumer groups, stockholders, and the general public.[32]

Having defined system, its boundary and the environment, one can separate the system from its environment However, in the case of organisation, the separation is rarely absolute, that is some of the elements in the system typically interact with the system's environment For human organisation, the amount of interaction can be thought in terms of the permeability of the organisations boundary. This permeability refers to the flow of both people and information and affects the adaptation of the organisation to its environment Since people and information coming into the organisation bring knowledge and values from the environment, the relative permeability of an organisation's boundary affects the degree to which members of the organisations are exposed to the environmental influences. The screening of such elements affects the functioning of the organisation If the boundary effects a tight screening and permits only those people and information which are

32 Thomas Moranian *et al, Business Policy and its Environment*, New York Holt, 1965, p 2

consistent with the current internal values, the organisation may facilitate internal agreement among its members. However, such a phenomenon may result into obsolescence in terms of process, structure, and technology. As such, managers in the organisation should select the degree of boundary permeability which seems to best fit the needs of the organisation. However, managers are not the sole decides of the degree of boundary permeability because some organisational boundary can easily by penetrated For example, in a democratic country, people may join or leave a political party largely on their own will In such a case, boundary control of membership is minimal In other extreme cases, a person may not have any choice either to enter or leave the organisation, for example, prison Business organisations tend to be in between two extreme cases Here the entry and exit is largely voluntary because of the needs of the organisation and the individual but because of the operation of certain laws in the environment, such exit may be restricted by the environment

The interaction between organisation and its environment determines the functioning of the former, as it depends heavily on its environment Such dependence can be both in terms of taking inputs from the environment and giving outputs to the environment. This can be understood by analysing organisation as input-output system

Organisation as Input-Output System

The input-output model was originally developed by Leontief in 1930's It is a means to study overall economy providing an approach to analysing relationship in large, complex system. In this model, the whole economy is broken down into sectors and industries and the amount of inputs to produce outputs is calculated Input-output relationships are obtained which represent the flows of conversion process from one sector or another. Such a model can be applied to organisation system as a whole or parts thereof Organisation, as input-output model, has three basic factors. flow of inputs, processes, outputs

1. *Flow of Inputs* In an input-output system, flow is an important ingredient for the system to work Flow refers to the uninterrupted supply of inputs. Every open system imports some sort of inputs from its environment No social system is self-contained but depends upon its environment for various inputs. There are three types of inputs which an organisation takes from its environment, materials, energy, and information The first basic input is materials which must be taken from the environment for further processing There can be two types of material: operational and product Operational materials are those which are embodied in machine and plant used for conversion process. Product materials are those which are converted into outputs Another type of input is energy which is used for the movement of the workpiece, tool, assembly devices, etc The third type of input is information It is used in a broad sense to include shape, pattern, arrangement, instruction, or knowledge The degree of success of any organisation system is determined by the quality of various inputs which, in turn, is determined by the success of the system. For example, the environment cannot keep providing its system the inputs which it is unable to make their proper use because environment

expects something from the organisation in exchange of inputs Thus environment-organisation relationship becomes quite complex

2 *Processes* The inputs imported by the organisation are processed by it. For this purpose, the organisation devises various processes. The concept of process is dynamic which implies a time dimension as well as space dimension in which action occurs in a continuously changing progression towards some goals Thus various processes in the organisation system are meant to achieve organisational goals The inputs are converted into outputs through men and machines Their interrelationships are determined by the type of conversion process used Thus there can be two types of processes in the organisation· processes relating to conversion of inputs into outputs and processes necessary for holding the various elements of the organisation Both these are important. The first type of processes are determined by the type of technology being used by the organisation and may vary from organisation to organisation. The second category of processes are found in all organisations Some of these processes are: communication, decision, influence, control, and motivation. These processes provide flow throughout the system and help in achieving system's goals However, these can be helpful only if these are designed according to the needs of the system, its various elements, and the environment

3 *Outputs* The organisation exports the outputs created through the process of conversion These outputs are given back to the environment for importing further inputs Thus this goes like a cycle Inputs are transformed into outputs which are exported to the environment The environment furnishes certain sources of energy in exchange for the outputs for repetition of cyclic activities. Input-output model can now be presented in the following figure

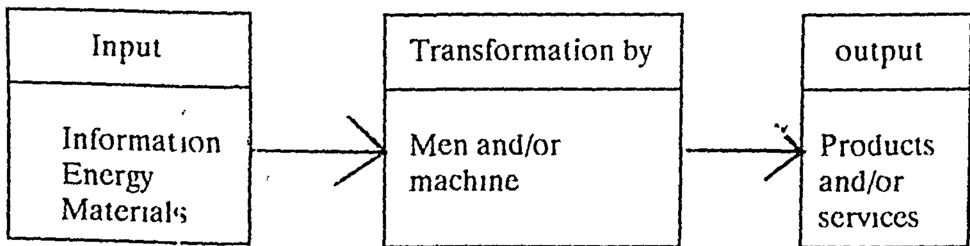


Fig 18 2 Input-output model of system

The open system concept offers a basis for more effective management of the organisation The management has to deal with the problems of dynamic interrelationships of internal factors of the organisation interacting with the environmental forces Thus to maintain equilibrium in the organisation, the management has to incorporate external forces affecting the organisation Such effect can be at two levels choice of system's goals, as discussed in the *First* chapter and design of organisation structure to be discussed in this part These environmental factors force management to take a new approach in managing the organisation The organisation can be understood better in terms of the stable processes of import, conversion and export, rather than characteristics such as size, shape, function, or structure

Subsystems in the Organisation

As discussed earlier, every system has subsystems which are interrelated to constitute the system as entity. Since the organisation is a system, it contains various subsystems. The levels of systems within the organisation are called subsystems Each subsystem is identified by certain objectives, processes, roles, structures and norms of conduct. A system is composed of subsystems of lower order and is also a part of a subsystem. The various subsystems of the organisation constitute the mutually dependent parts of the larger system. These subsystems interact, and through interactions create new patterns of behaviour that are separate from but related to the pattern specified by the original system. Thus system behaviour is emergent. Since variables are mutually interdependent the true influence of altering one aspect of the system cannot be determined by varying it alone.

In an organisation system, there are various ways of classifying subsystems. Each unit of the organisation, as such, is a subsystem. There is another way of classifying subsystems which may be found in each functional unit. Accordingly, there are various subsystems in the organisation and have been classified in different ways. For example, Seiler has identified four components in an organisation system. These are. human inputs, technological inputs, organisational inputs and social structure and norms. From these inputs, he derives the concept of socio-technical system, which can be applied to the analysis of specific cases in formal organisation.[33] Kast and Rosenzweig have identified five subsystems. These are: goals and value subsystem, psychological subsystems, technical subsystem, structural subsystem, and managerial subsystem.[34] A more comprehensive view has been adopted by Carzo and Yanouzas who identify technical subsystem, and power subsystem. These subsystems are interconnected and interrelated.[35] The totality of all these subsystems with their interconnections makes up the system of formal organisation.

1. *Technical Subsystem* The technical subsystem refers to the knowledge required for the performance of tasks, including the techniques used in the transformation of inputs into outputs The objectives of formal organisation have technical requirements, that is, some work has to be completed to meet the objectives The basic component of the technical subsystem is a job which is a group of tasks or activities that can be performed by one man The person who is assigned a job, must perform certain duties In essence, he is asked to play a role and this role may involve decision-making, communication and other action which relates him with other parts of the organisation. Behaviour in the technical subsystem is governed by rules, procedures, and policies The purpose of the regulations is to make sure that jobs are performed as planned and to stabilize behaviour so that organisation members may develop

33 John A Seiler, *System Analysis in Organisational Behaviour*, Homewood Ill Richard D Irwin, 1967, p 72

34 Johnson, Kast and Rosenzweig, *Op cit* p 112.

35 Rocco Carzo and John N Yanouzas, *Formal Organisation A Systems Approach*, Homewood Ill Richard D Irwin, 1967, pp 237-240

reasonable expectations of other's work behaviour in the organisation

Technical subsystem constitutes formal organisation, that is the formal arrangement of the functions. The formal organisation is the interrelated pattern of jobs which make up the structure, rules, and procedures of the organisation. The behaviour in the organisation is not explained fully by the technical subsystem alone because there is a fundamental conflict between individual—a part of the system—and system itself resulting from the demands made by the system and the individual expectancies regarding the work he has to perform Thus, his behaviour as required by technical subsystem is modified by the existence of social subsystem. Unless this fact is taken into account, the organisation cannot be understood accurately, nor operated at its full potential

2. *Social Subsystem.* Every organisation has a social subsystem which is composed of individuals and groups in interaction As such there are various elements of social subsystem. The first basic element of the social subsystem is the individuals Organisations exist because persons need them to do things that either they could not do as well or could not do at all without organisation The individuals bring personality structure with motives and attitudes which condition the range of expectancies which they hope to satisfy by participating in the organisation Another element of the social subsystem is the informal organisation which is the result of the operation of socio-psychological forces at work place An interaction exists between an individual and informal group This interaction can be interpreted in terms of mutual modification of expectancies. The informal organisation expects certain norms of behaviour from its members and individual has expectancies of psychological satisfaction he hopes to derive from association with people on the job Both these expectancies interact, resulting in the individual modifying his behaviour according to group norm and the group modifying what it expects from individual because of the impact of this personality on group norms

The third element of the social subsystem comprises status, role, norm and value. Status is a position that is determined as being important in the interpersonal relationships of the group. Thus it is a social rank of a person in comparison with a social system Role is the pattern of action expected of a person in his position involving other. Thus it describes specific form of behaviour and develops originally from task requirements Norm is the general expectation of demand character for all role incumbent of system or subsystem. Value is the more generalised ideological justification and aspirations. Role, norm, and value differ both with respect to generality and with respect of the type of justification mobilised to sanction behaviour. At the level of role behaviour, it is simply a matter of following the legitimate requirements of the system; at the level of values, it is a matter of realising higher moral demands All these elements of social subsystems interact in shaping the behaviour of individuals

3. *Power Subsystem.* Every organisation has a power subsystem and people in the organisation elaborate their behaviour through the power relationship. Power may be defined as the capacity to induce others to produce an intended result through the presentation of force While the use of

force is not always involved in the power relation, it is apparent that the power holder will use force, if necessary. Such power may be possessed by both superiors and subordinates.

There are many sources of power in the organisation, such as, formal position, location, job importance, expertise, interest and tenure, personal characteristics, and coalitions. As such formal structure plays a significant role in power distribution in the organisation Besides formal structure, the individuals also involve in power distribution on a non-formal basis This is so because people in the organisation use various sources to acquire things that are judged valuable by them and others. They make it apparent to others that they are able and willing to use the things of value as sanctions and they are able to activate the organisation or transform a decision into action Since people aspiring for power will have varying degrees of success because of their varying degrees of control on the means by which power can be acquired, there will be hierarchy of power centres

Carzo and Yanouzas have summarised the characteristics of technical, social, and power subsystems of formal organisation as follows:

TABLE 18.1 Characteristics of Technical, Social and Power Subsystems of Formal Organisation

Characteristics	*Technical subsystem*	*Social subsystem*	*Power subsystem*
1	2	3	4
1 Origin	Deliberate employment and arrangement of men and capital to perform tasks required by formal objectives	Arises spontaneously from social interactions and shared values of men placed in contact with each other	Arises as people use the various sources of power to acquire things that are judged valuable by others and successfully implement decision
2 Process	Decision communication, and action	Interaction, sentiments, and activity -	Politics, decision implementation, and maintenance of order
3 Structure	Arrangement of jobs in relation to each other Process and authority relations	Differentiation based on expression of sentiment of members of each other Friendship relations	Differentiation based on the number of behaviour areas controlled
4. Status	Man holds status because of his ability to meet the	Man holds status because of sentiments of others	Man holds status because of degree of success

1		2	3	4
		job requirements. Status is same as job in importance in the technical structure	in the system. For example, the leader is liked most in the group	attained in implementing his decisions
5.	Roles	Man plays role according to job requirements	Man plays role according to sentiments, beliefs, attitudes and social mores	Man plays opportunistic role
6.	Source of Authority and Power	Directly related to the job and is delegated from those who have higher authority	Informal authority is derived from those who are its subjects Based on sentiments	Official Position, location, job importance, expertise, interest and tenure, personal characteristics and coalitions
7.	Norms	Job description, written policies, procedures, and rules	Values and accepted norms of behaviour Unwritten tacit agreements	Expediency That behaviour which sustains power People who are objects of power follow orders of power holder to obtain desired values

Source : Carzo and Yanouzas, *Op cit*, p 240

Interrelationship and Emergent Behaviour

The distinctions made among technical, social and power subsystems are not clearly identifiable in fact The three subsystems are intertwined by overlapping relations and the actual behavioural pattern is determined by the interaction of these three subsystems in the organisation This is known as emergent behaviour This behaviour may be separate from, but related to, the ways of behaving and thinking that are specified or required by original systems For example, if technical subsystem provides a procedure for performing certain functions in a specified way, it is not necessary that the functions will be performed through the same procedure but an alternative procedure, which may be easier and less time-consuming, may be followed This is possible of the interaction of technical and social subsystems

The emergent behaviour is determined through the process of compromising among the several interest groups participating in the formal organisation. There will be compromise because of the basic nature of the organisation—there is mutual dependence between the parts of the formal organisation. The mutual dependence dictates that no one group can attain its values without the co-operation of other groups participating in the accomplishment of organisational objectives. Co-operation with one group will not be forthcoming unless some values or inducements are provided for the other groups For example, Simon states that even though one group may be powerful enough to exercise dominant voice in setting organisational objectives This does not in any sense imply that the control group exercises an unlimited option to direct the organisation in any path it desires, for the power will continue to exist only so long as the controlling group is able to offer sufficient incentives to retain the contributions of other participants to the organisation [36]

The emergent behaviour, although different from the behaviour specified by the organisation, will be orderly and purposeful. It implies that actual organisational behaviour generally supports and is directed towards the objectives of formal organisation. Simon makes this point in the following manner 'To anyone, who has observed administrative organisation or has concerned himself with their theory, it seems obvious enough that human behaviour in organisations is, if not wholly rational, at least in good part intendedly so Much behaviour in organisations is, or seems to be, task-oriented and sometimes efficacious in attaining its goals [37] The fact that actual organisational behaviour is orderly and purposeful but generally different from formally prescribed behaviour is not really a paradox because organisational objectives change through the process of action and reaction among the parts of the system; and as objectives evolve to reflect the needs of participants, organisational behaviour will become oriented toward these objectives.

Orderly and purposeful behaviour is possible because individual and group participants contribute towards organisational objectives in order to satisfy their needs. This process goes on so long as inducements are provided to satisfy these needs. When these inducements are not forthcoming, participants react and their reactions might result in activities undesirable for the organisation This process of action and reaction results in compromise and a change in the objectives designed to make them representative of the values desired by all participants The participants in the organisation now find that by contributing to the organisational goals, they are able to attain their own personal goals Organisational objectives continually change to reflect the needs of participants and since people in organisations behave in ways that tend to fulfil their needs, their behaviour will be directed to the goals of organisation

Linking Processes

Organisation as a system has many subsystems and each subsystem is

36 Simon, *Op cit*, p 119

37 *Ibid*, pp XIII-XIV

interrelated and interconnected with others. The way an overall system moves towards its equilibrium depends on the functional connectedness of its various parts. Adaptation of the whole system makes use of two conditions : (i) enough connectedness so that operation of one subsystem can activate another and contributions of all can contribute to the whole , (ii) enough separation of subsystems so that some specialisation of functions is possible and equilibrium can be achieved in the system as a whole. The various parts of the organisation are interlinked by certain activities, known as linking processes There are various types of interlinking activities which are provided by the organisation For example, Scott has identified three linking processes: communication, decision, and balance[38] Likert has suggested the concept of linking pin model for linking various individuals and subsystems in the organisation[39] Kahn *et al* have suggested overlapping role model for providing interconnectedness[40] These are formal models, that is, they are the outcome of organisational design If we take informal aspect also, there may be various human groups within the organisations providing interconnectedness in the various parts as suggested by Homans[41], or organisational overlays as suggested by Pfiffner and Sherwood[42] These will be described at appropriate places. Here, we are more concerned with what may be formal ways which are mainly based on three models

According to Scott, there are three linking processes The first linking process is communication through which action is evoked by other parts of the system. It also works as a control and coordination mechanism linking the various decision centres in the organisation so as to synchronise their functioning. Various parts of the organisation are bound together by communication. The second linking process is balance which refers to an equilibriating mechanism whereby various parts of the organisation are maintained in a harmonious structured relationship to each other The third linking process is decision It refers to the selection based on some criteria from two or more alternatives.

Likert's Linking Pin Model

Likert has given the idea of linking pin model for connecting various parts of the organisation The model is based on two basic characteristics of the organisation. First, organisation can be seen as system of interlocking groups, and second, the interlocking groups are connected by individuals who occupy the key positions of dual membership serving as linking pins between groups. Thus every individual functions as a linking pin for the organisation units above and below him He is the group leader of the lower unit and a group member of the upper unit In the linking pin structure, a group to group, as opposed to traditional man to man, relationship exists

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38 Scott, *Op cit*

39 Rensis R Likert, *The Human Organisation,* New York McGraw-Hill, 1967

40 R L Kahn *et al, Organisational Stress Studies in Role Conflict and Ambiguity,* New York John Wiley, 1964

41 G C Homans, *The Human Group,* New York Harcourt, Brace & World, 1950

42 John M Pfiffner and Frank P. Sherwood, *Administrative Organisation,* New Delhi · Prentice Hall of India, 1964

Overlapping Role Set Model

Kahn and his associates have emphasised that individuals have to engage in roles in the organisation. The role is the expected behaviour of an individual as a position holder. Out of this role, every individual interacts with others—superiors, subordinates, peers, outsiders—with whom his role is related. Thus the whole organisation can be viewed as a set of overlapping and interlocking role sets Through these role sets, everyone in the organisation is interconnected

Feedback Mechanism

Everyone likes to know how one is doing. For this purpose, one must receive information about oneself on the basis of which he can evaluate his performance This is known as feedback In the same way, the organisation must also evaluate how it is moving. Since, organisation is purposive creation, it must evaluate how far it is achieving its goals. The environment furnishes signals to the organisation about its functioning in relation to the environment The feedback is necessary to move a system in the direction of a specific output by regulating behaviour with a control mechanism If the system is to increase its functional effectiveness, create more complex patterns of internal ordering, gain greater unity, adjust to changing environment, it must constantly receive information concerning its present state, consequences *of its activities and actions directed toward it by other systems*

There can be two types of feedbacks . positive and negative In the positive feedback, the multiplier between input and output is such that the output increases with increase in input In negative feedback, output decreases as input increases Positive feedback usually leads to systems instability Negative feedback is used for control This can be explained by an example. When information from finished goods inventory is fed back to manufacturing department, it is negative feedback because as the inventory level goes down, the production level goes up Alternatively, if the inventory level goes up, the production level goes down. The relationship between information feedback and the action is negative Thus feedback may be used as correction device to maintain equilibrium in the system'

'The reception of inputs into a system is selective Not all information is capable of being absorbed by all the systems A system takes only that information to which it is adapted. Moreover, the system does not react to every information but reacts only to that information to which it is attuned

Homoeostasis

Organisation, as a system, tries to maintain equilibrium However, this equilibrium is dynamic and not static as is the case with homoeostasis The comparison can be made if the working of homoeostasis is known The term homoeostasis is derived from Greek meaning 'steady state' It is used in Biology and refers to a process by which a system regulates itself around a stable state Human body works on the principle of homoeostasis. It maintains its temperature relatively at constant level, despite wide variations in the environmental temperature. Thus human body maintains equilibrium in temperature in varying conditions

This concept of homoeostasis has been applied in organisation system However, the organisation does not work purely on the homoeostasis principle but moves towards growth and expansion by preserving some of the energy. The equilibrium is characterised by steady state which is not a motionless position but there is a continuous inflow of energy from the environment and continuous outflow of outputs to the system In this process, the organisation tries to get it back in equilibrium through the feedback which it receives from the environment not only by maintaining *status quo* but by maintaining growth However, this equilibrium is not automatic but quasi-automatic and innovative In quasi-automatic, the system exhibits built-in propensities to maintain steady states Thus if there is a minor change and if the change comes within the purview of established programmes of action, the change will be absorbed automatically within the system On the other hand, major or rapid changes throw the organisation out of equilibrium seriously affecting its functioning adversely, unless it can reach a new equilibrium In such a case innovative equilibrium is required. New programmes have to be evolved in order to maintain equilibrium

Implications of Systems Approach

Systems approach of organisation theory places emphasis on studying organisation as a system in its totality. As such this theory possesses conceptual level of organisational analysis much higher than classical and neoclassical theories. However, systems approach does not discard other two theories completely, rather, it has evolved out of these by making use of the best which these theories have offered and supplementing it with a number of new conceptual developments which amplify the scope and effectiveness of the managers who have to live and work in this constant changing world Thus this theory is not merely an extension of old, rather it is a fundamental reconstruction Its premises are based upon a conception of organisations as open, organic, probabilistic systems as against the closed, mechanistic, deterministic systems Such a treatment of organisations is more real This theory provides certain basic guidelines for designing and operating organisations which are as follows.

Modern Organisational Models

Systems approach of modern organisation theory suggests a number of reformations in old organisational designs and suggests new organisational models The theory indicates that simpler solutions provided by classical and neoclassical theories are too meagre to solve the complex problems in a modern organisation Propelled by the urgent requirements of flexibility to change, some new structural models have been suggested. These are · project organisation, matrix organisation, and free form organisation The basic value of these structures is that they cope up with the environmental dynamics very easily These structures have been discussed in detail in Chapter 21

Lateral Relationships

The most important characteristics of modern structural model are their emphasis on lateral relationships among managers This is in quite contrast to the classical model which emphasises vertical relationships, that is, superior-subordinate relationships The lateral relationship suggests that

coordination may be more effectively achieved through the minimisation of hierarchical authority However, minimisation of hierarchical authority does not mean its total elimination. This void is filled by the behavioural aspects It means that organisational processes in modern structural models are quite different than classical models as will be discussed in Chapter 21

Cybernetics

Cybernetics is a crucial aspect of systems theory Cybernetics is related to both communication and control. It integrates the linking processes and generalises them to a variety of systems.

Cybernetics is interested in the problems of regulation and control in complex, probabilistic, self regulatory systems. Since it emphasises regulation in complex systems, it has become a model for thinking in regard to the application of advanced information technology to the control of complex organisation This is why organisations using sophisticated management information systems adopt cybernetic models as an integral part of their mode of operation

These recommendations of systems approach to presentday managers are quite helpful in real understanding of complicated managerial problems which are not being complicated by internal forces alone but by fast changing environment also A manager can manage better if he understands the parameter of his action This is what the systems approach does by presenting the designing and operating mechanism of an organisation keeping in view both internal and external requirements It also indicates that managing is not so simple as suggested by earlier theories When classical theory has taken a macro approach, neoclassical a micro approach, this theory has taken a macro-micro-macro view of organisations Thus it has analysed organisations from all angles which are important for management.

Shortcoming of Systems Approach

Though systems approach possesses conceptual framework of much higher order as compared to other approaches, it may be emphasised that it is in no way a unified theory of organisation. Each writer and researcher has his own emphasis when he considers the system The systems approach came in a big way in organisational analysis and raised the hope of becoming a general and unified theory of organisation A general and unified theory is one which can be applied to all types of organisations, presenting their comprehensive analysis so that various people who want to study organisations from different angles can derive knowledge. This is what the systems approach was expected to do However, such promise could not be fulfilled. Systems theory falls short of two requirements being too abstract and lacking universal application

1. *Abstract Theory* It is felt that systems theory of organisation is too abstract to be of much use to practising managers. It indicates that various parts of the organisation are interrelated , organisations being part of social system are interrelated The interrelationship is dynamic What it fails to indicate is to spell out the precise relationships among these It is one thing to say that economic forces trigger social, technical, and psychological changes in the organisation But this is not enough What is required is a

statement of what economic forces initiate what social, technical and psychological changes

2 *Lack of Universal Applicability* Systems approach does not provide action framework applicable to all types of organisations. For example, modern structural designs, cybernatic control and communication systems are not applicable for smaller organisations These may be quite important for large organisations Since modern organisations tend to be quite large, many of action framework of systems theory may be quite useful But, then this is not the role of a theory to prescribe actions for a particular category of organisations, rather, the theory should specify the relationships among different variables which can be applied to all organisations

In fact, some people believe that systems approach of organisation theory does not offer anything new. They feel that managers have been doing their jobs seeing the problems as a network of interrelated elements with interaction between environments inside and outside of their organisations This may be true but conscious study of systems has forced managers and scholars to consider more perceptively the various problems of systems management. Looking into these shortcomings of systems approach, researchers have tried to investigate the organisational phenomena to fill the gap The result has been the emergence of a new approach--situational and contingency approach It may, however, be mentioned here that situational and contingency approach is an extension of systems approach

CONTINGENCY OR SITUATIONAL APPROACH

Systems approach leads to development of contingency or situational approach. The basic idea of the contingency approach is that there cannot be a particular management action or design which will be appropriate for all situations. Rather, an appropriate action is one with appropriate internal states and processes of organisation contingent upon external environment and internal needs. Contingency theorists find that systems approach does not adequately spell out the precise relationship between organisation and its environmental components. To a great extent, contingency approach fills this lacuna

Some scholars distinguish between contingency and situational approaches on the basis that while situational approach merely implies that what a manager does, depends upon a given situation, contingency approach implies an active interrelationship between the variables in a situation and the managerial solution devised According to some scholars, contingency approach takes into account not only given situations but also the influence of given solutions on behaviour patterns of an organisation Despite varying degrees of emphasis, contingency model builders show consensus on common themes In fact some authors believe that the term contingency is misleading and instead they should have used the term situational [43]

Situational theorists rely heavily on Skinner's behaviourist theory For example, Tosi and Hammer say, 'When a subsystem in an organisation behaves in response to another system or subsystem, we say that the response was contingent on environment. Hence, a contingency approach is an approach

43 Jay A Lorsch and Paul R Lawrence, *Studies in Organisation Design*, Homewood Ill Richard D Irwin 1970, p 84

where the behaviour of one subunit is dependent on its environmental relationship to other units or subunits that have some control over the consequences desired by that subunit.[44]

Relationship Between Contingency and System Approaches

The contingency approach has emerged out of systems approach, consequently both are interrelated. Their interrelationship has been described by Scott and Mitchell as such, The relationship of the contingency approach to systems theory is parallel to the relationship of the neoclassical approach to the classical model of organisation theory[45] The neoclassical theorists have accepted the basic concepts of classical theory with certain modifications They have tried to modify the basic premises of classical theory by adding insights from the behavioural science in order to account for the realities of human behaviour in organisation. The contingency theorists take much the same view relative to systems approach They accept systems approach premises about interdependency and the organic nature of organisation They accept the open adaptive character of organisation as well the need to preserve flexibility in the face of change But they feel that systems approach is very abstract and difficult to apply in managerial situations This can be overcome by modifying systems framework and translating it into operational framework. A comparison between systems and contingency approaches can be more understood by the following .

(i) Model of Human Being The systems approach usually employs a much richer model of human being than contingency approach. The former takes into account the full range of human needs and motivation, while contingency approach, by and large, is more interested in structural adaptation of organisations to their task environment. Such a difference may be accounted by the fact that social psychologists have been the principal contributors to systems approach, while sociologists have been the main contributors to contingency approach

(ii) Organisational Variables Systems approach is all encompassing and takes much broader view of organisational variables It tries to cover personal, social, technical, structural, and environmental variables Contingency approach, on the other hand, concentrates on structural adaptations of organisations. This approach tends to predict the ultimate outcome of a disturbance of the organisational equilibrium by a change in the task environment

(iii) Evolution It is quite possible that two approaches—systems and contingency—may merge or profoundly influence each other. The systems approach may try to specify the situations under which a particular concept may be applied. It may predict the situations under which a particular type of organisation can function well. This has been recognised by the equifinality characteristic of open system which suggests that different adaptation strategies are available to an organisation facing a particular problem

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44 Henry L Tosi and W Clay Hammer, *Organisational Behaviour and Management A Contingency Approach,* Chicago St Clair Press, 1974, p 1

45 William G Scott and Terence R Mitchell, *Organisation Theory,* Homewood Richard D Irwin, 1976, p 67

Similarly, the contingency approach may provide the process by which the organisation may adapt to task environment. Both these efforts are quite similar.

Implications Contingency Approach

Contingency approach is a most powerful orientation today in management. It emphasises the multivariate nature of organisations and attempts to understand how organisations operate under varying conditions in specific circumstances. Contingency views are ultimately directed towards suggesting organisational designs and managerial actions most appropriate for specific situations.[46] The real implications of contingency approach can be analysed in the following manner.

1. Managerial action in the organisation is situational and various actions must be taken depending upon the situations Thus an action may be suitable for one organisation at a particular time but may not be suitable for other organisations at the same time or for the same organisation at different times. The basic reason behind this is that situational variables on which action is dependent may not be similar in various organisations or in the same organisation over the period of time. The contingency approach, thus, emphasises the analytical and diagnostic ability of managers.

2. Contingency approach provides significant contribution in organisational design. It suggests that no organisational design can be suitable for all situations, rather, the suitable design is one determined keeping in view the requirements of environment, technology, size and people However, it is not enough to suggest the need for integrating organisation with environment, the approach must also suggest and explicitly define certain pattern of organisational variables. This approach attempts to develop concepts relating patterns of interactive relationships between various organisational subsystems. Such patterns have been discussed in detail in Chapter 21.

3. This approach suggests that since organisation interacts with the environment, neither the organisation nor any of its subsystems is free to take absolute actions Rather, it has to exercise the action subject to various social, legal, political, technical, and economic factors. Thus the contingency approach is applicable to a number of managerial tasks, particularly those with heavy behavioural components. Kast and Rosenzweig feel that this approach can be useful in strategy formulation, organisational design, information decision systems, influence systems and leadership and organisational improvement.[47]

Contingency approach, however, suffers from inadequacy of literature This fact has been accepted also by those who are real contributors of this approach. For example, Kast and Rosenzweig suggest that 'once we have more complete understanding of what is and what happens, we can begin to consider normative propositions of what managers ought to do or seek'.[48] Thus this can

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46 Fremont E Kast and James E Rosenzweig *Contingency Views of Organisation and Management*, Chicago · Science Research Associates 1973, p 313

47 *Ibid*, pp 329-344

48. Kast and Rosenzweig *Op cit*, p 346

be fully operational only when more contributions come prescribing 'if this is the situation, this action can be taken'.

DISCUSSION QUESTIONS

1 Point out some important contemporary issues which are attracting the attention of organisational theorists

2 'Agreement does not exist among the experts as to whether there is a systematic and clearly delineated body of knowledge which can be called 'Organisation Theory' or whether what we have are merely scraps of knowledge and hypotheses' Explain this statement

3 Define organisation theory and show its relationship with other disciplines dealing with human organisations

4 'Different theories of organisation have made different assumptions about the needs that people seek to satisfy through organisations' Discuss such assumptions

5 Discuss the relationship between scientific management and administrative management approaches of classical theory

6 What are the various contributions of Fayol to the theory of organisation ?

7 Examine critically the assumptions underlying classical organisation theory.

8 'Classical theory has relevant insights into the nature of organisation but the value of this theory is limited by its narrow concentration on the formal anatomy of the organisation' Discuss

9 'The most persistent criticism of classical organisation structure comes from the behavioural scientists Elucidate the limitations of classical theory of organisation from the point of view of the behaviourists

10 The neoclassical theory of organisation not only focused elements which were of small or no concern to the classical school but also emphasised the role of communication, participation, and leadership ! Explain

11 What are the various elements of neoclassical organisation theory ?

12 What is the systems approach to the organisation ? Explain its salient features

13 Explain how organisations are characterised by much greater variability than biological systems

14 'A concept of organisation is perhaps better given in terms of the stable processes of import conversion, and export, rather than characteristics such as size, shape, function, or structure' Do you agree with this view ? Give reasons

15 Explain the concept of subsystem How does it help in understanding many interdependencies that exist in any organisational system ? Discuss in the context of technical, social and power subsystems

16 Compare the technical, and power subsystems in an organisation Does power subsystem appear to grow out of the social subsystem ?

17 Examine the validity of the assumption that organisations, made up of interconnected parts and systems, are highly unstable, as a variation in any one system or a part of it can and probably does have some influence on all other systems

18 In what respect is the systems approach to the study of organisations superior to the traditional approach ?

19 'Organisation theory is not a homogeneous science based on generally accepted principles Various theories of organisation have been, and are being evolved Do you think the theory that has recently emerged adequately explains human behaviour in organisations ?

20 What is contingency approach of organisation theory ? How is it related with systems approach ? Does this explain the pattern of organisational design adequately

21 Write short notes on

(i) Scalar principle

(ii) Functional principle

(iii) Homoeostasis

(iv) Flow

(v) Feedback

19

Determinants of Organisation Structure

Theme	
To understand the basic factors which affect organisational design if contingency approach is adopted	To define the basic relationship of these factors with the various aspects of organisational design

The concept of organisation structure is somewhat abstract and illusive. However, it is real and affects every one in the organisation. In a simple term, structure is the pattern in which various parts or components are interrelated or interconnected. Thus, organisation structure is the established pattern of relationships among components or parts of the organisation. This prescribes the relationships among various positions and activities Since these positions are held by individuals, the structure is the relationship among people in the organisation

The organisation structure, being abstract, is not visible in the same way as a biological or mechanical structure, though it can be inferred from the actual operations and behaviours of the organisation The biological or mechanical systems, such as organisms and machines, can be identified even when they are not working because they have both anatomy and physiology. The study of the anatomy is basically the study of the structure of the organisms whereas the physiology is concerned with the study of the functions of living organisms Thus, biological and mechanical systems can be studied in both these terms—structure as well as functioning. This is not the case with social systems which do not have both anatomy and physiology. As such, it is very difficult, if not impossible, to make distinction between structure and process (functioning) of the organisation In fact, some authors suggest that it is not possible to study the structure of the organisation as distinct from its social process 'A social system is a structuring of events or happenings rather than of physiological parts and it, therefore, has no structure apart from its functioning'.[1]

This does not, however, mean that there is no difference between organisation structure and process. There is a difference between structure and process, and understanding of this difference helps in understanding the concept. 'The structure of a system is the arrangement of its sub-systems and components in three-dimensional space at a given moment of time. Process is dynamic change in the matter, energy, or information of the system over time[2]. Thus, the concept of structure and process can be viewed as the static and dynamic features of organisation and both of these aspects are correlative

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1 Daniel Katz and Robert L. Kahn, *The Social Psychology of Organisations*, New Delhi Wiley Eastern, 1970, p 31

rather than opposite. Thus, the organisation structure can be viewed as the established pattern of relationships among the components of the organisation. According to March and Simon, organisation structure consists simply of those aspects of pattern of behaviour in the organisation that are relatively stable and change only slowly[3]. In large and complex organisations, structure is set forth initially by the design of the major components or subsystems and then by establishment of relationships among these subsystems. It is the patterning of these relationships with some degree of permanency which is referred to as organisation structure

The need for organisation structure arises because large numbers of people are associated in achieving organisational objectives They perform a number of functions As such, there must be a plan for the systemic completion of the work of each specialised job so that the total activities accomplish a single objective. The basic purpose of designing organisation structure should be three-fold : (*i*) All the necessary activities are performed , no unnecessary activity is performed. (*ii*) There is no unnecessary duplication in performing necessary activities (*iii*) The various activities are performed in a synchronised and coordinated way. Any structure fulfilling these requirements is suitable for the organisation. However, contingency approach of organising suggests that there cannot be a particular structure which can be suitable for all organisations Rather the appropriateness of the structure is determined by a number of factors These factors can broadly be classified as· environment, technology, size, and people An analysis of these factors may show how they might influence an organisation's actions in designing an organisation structure The strength of each will, of course, vary from instance to instance, but the management which is quite sensitive to them can better assess the problems which face it and determine which mode of organisation structure is appropriate for it. This chapter makes an attempt in this direction

ENVIRONMENT

An organisation is a system which works within a broader frame—work of an environment Though the boundary between organisation and its environment cannot be exact and definite, for all practical purposes, such boundary can be identified The organisation interacts continuously with its environment ; it is affected by environment and also affects the environment In this interaction, the environment determines the various organisational processes including its structure. The environmental system concept regards the organisation as a part of the environment at large—the environmental system Organisations, like man or other animals, must either adjust to the environment or perish The form and structure must be suitable to the enviornment and must be functional under the existing environmental conditions An organisation that does not adapt itself to the environment may vanish from the scene The adjustment between an organisation and its environment is affected by the type of organisation structure. Thus, an

2 James G Miller 'Living Systems Basic Concepts, '*Behavioural Science,* July 1965, p 209-211

3 James G March and Herbert A Simon, *Organisations,* New York John Wiley, 1958

appropriate organisation structure is one which is in accordance with the need of its environment.

The environment includes all the conditions, circumstances, and influences surrounding and affecting the development of total organisation or any of its internal systems. The environment contains various forces that are dynamic at different times However, it may be useful to think of environment in two ways : (*i*) the social (general) environment which affects all organisations in a given society; and (*ii*) the specific (task) environment which affects the individual organisation more directly.

Many forces at the social, general, or macro environmental level influence organisations There may be so many such forces and may be difficult to classify and describe Such factors may be cultural, technological, educational, political, legal, natural resources, demographic, sociological, and economic. Such factors set forth the framework for different organisations and they have homogenizing effect. These general environmental factors have an important effect in determining the resources available for inputs, the specific mission, the most appropriate processes, and the acceptability of organisational outputs The individual organisation, while operating in the general environment setting, may not be directly influenced by nor can it respond to all of these forces. While the general environment is the same for organisations in a given society, the specific environment may be defined as the relevant to the decision-making and transformation processes of the individual organisations. It is made up of groups and institutions beyond organisation's boundaries which provide immediate inputs, exert significant pressure on decisions or make use of organisation's outputs.

The distinction between general and specific environment, however, is not always clearcut and is continually changing. Thorelli observes that even beyond the task environment, there are environmental factor phenomena which may affect the organisation and be affected by it. Clearly, the environment is a continuum in which relevance is a matter of degree.

There are different schemes for classifying the nature of relevant environment. Thompson has given the following classification

(1) Homogeneous-stable
(2) Homogeneous-shifting
(3) Heterogeneous-stable
(4) Heterogeneous-shifting

Similarly Lawrence and Lorsch have given the following classification[4]

(1) Low diversity and not dynamic
(2) Low diversity and highly dynamic
(3) High diversity and not dynamic
(4) High diversity and dynamic

Both sets of classifications discuss the problems of differentiation between and adaption to directly related organisational components have

4 Paul R Lawrence and Jay W Lorsch, *Organisation and Environment*, Boston Harvard Business School, 1967, p 23

variables—independent and intervening—and the kinds of relevant variables in the set are changing unpredictably Boulding points out that 'many real systems are governed by step-functions which at certain points display changes in the relation of the inputs to outputs, and because you never quite know when steps are going to be taken, step-functions make the future terribly hard to predict'.[5]

The true meaning of environmental variability is often problematic Environmental variability refers to the degree of change that may be seen as a function of three variables: (i) the frequency of change in relevant activities; (ii) the degree of difference involved at each and (iii) the degree of irregularity in the overall patterns of change. There are four types of environmental movement · low-stable change, high-stable change, low-unstable change, and high-unstable change—all having different effects on an organisation

The degree of variability in the environment affects the organisational functioning by affecting the task performance. More is the variability in the environment, more will be the uncertainty in the task performance Galbraith observes that 'greater the task uncertainty, the greater the amount of information that must be processed among decision-makers during task execution in order to achieve a given level of performance'. He has defined uncertainty as 'the difference between the amount of information required to perform the task and the amount of information already possessed by the organisation'.[6] The basic effect of uncertainty is to limit the ability of the organisation to preplan or to make decisions about activities in advance of their execution. Therefore, the variation in the organisaion structure is required to (i) increase the organisation's ability to preplan, (ii) increase their flexibility to adapt to their inability to preplan, or (iii) to decrease the level of performance required for continued viability.

Various research studies are available to indicate the effect of environment on organisation structure. In 1950's, Burns and Stalker studied 20 electronics firms in Great Britain and revealed a linkage between formal organisation and its environment As a result of their study, the researchers have differentiated two systems of management suitable for two types of environments These are mechanistic system suitable for stable environment and organic system suitable for dynamic environment.[7] The development of two systems in various organisations is the conclusive proof of the effect of environment on the management and organisation structure, with environment acting as a major determinant.

Mechanistic System

According to Burns and Stalker, a mechanistic system has following characteristics.

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5 Kenneth E Boulding, 'The Dodo did not Make it Survival and Betterment,' Quoted in *Ibid*

6 Jay Galbraith *Designing Complex Organisations*, Reading, Mass Addison-Wesley, 1973 p 4

7 Tom Burns and G M Stalker, *The Management of Innovation*, London Tavistock 1961

TECHNOLOGY

Technology is another factor affecting organisational structure Though, broadly speaking, technology is one of the components of organisational environment, it may be studied separately because technology directly affects the task structure As such, here, technology is taken in the context of task in the organisation. Before analysing the impact of technology on the organisational functioning, particularly as related with its design, it is imperative to understand the nature of technology as relevant to the organisations.

Technology is a body of particular type of knowledge and relates to direct problem-solving inventions. It consists of equipments, machines or tools, sets of activities, methods or processes and layouts, arrangements, or patterns At a more abstract level, it is the knowledge of all these things . what activities to perform and how to perform them, how to use machines, how to make or acquire machines, how to order the machine and activities, and so on Technology is one of the most important physical variables affecting the work system. It has the following characteristics in relation to organisation :

1. Technology is a major source of productivity increases Though human beings are primarily responsible for handling technology, their efficiency is determined by the type of technology being used.

2 Various jobs in an organisation being performed by individuals are determined by the technology being used If there is a change in technology, the jobs are changed because technology determines the level of skills required.

3. Technology influences the social situation, that is, the size of groups, membership of group, patterns of interpersonal interactions, opportunity to control activities are influenced in a variety of ways by technology

4. Organisations become more secured by developing efficiency through the adoption of efficient technology However, as the technology becomes more complex, it becomes relatively more difficult for new organisations to enter in the field

5. There is a time gap in employing new technologies both within an organisation and among organisations in a field. Time gap within the organisation means that adjustment to technological innovation will be spread over a number of years and is not amenable to a direct, one-change solution With the industry, it means that if a new technology is adopted by an organisation, others in the same industry will follow soon , however, because of time gap, the first organisation will have some sort of monopolistic advantages

Types of Technology

In modern society, the variety of desired outcomes for which specific technologies are available seems infinite These have been classified in different ways, such as, mechanised, mass production, automation, and cybernation, based on technological development stages , units and small batch, mass and large batch, and process technologies,based on production process Thompson has classified technology in three forms longlinked, mediating, and intensive The basis of classification is that these are

widespread in modern society and are sufficiently different.[11]

1 *Long-linked Technology.* Long-linked technology may be thought of in the term of a manufacturing process in which operations, tasks, and motions occur serially. The final outcome depends on all being done correctly and in the correct order. It approaches instrumental perfection when it produces a single kind of standard product, repetitively and at a constant rate A single technology is required and this in turn permits the use of clear-cut criteria for the selection of machines and tools and human operation.

2 *Mediating Technology* Mediating technology involves two parties who wish to remain independent Various organisations have, as a primary function, the linking of clients or customers who are or wish to be interdependent, such as, bank, insurance organisation, agency, etc Complexity in the mediating technology comes not from the necessity of having each activity geared to the requirements of the next but rather from the fact that the mediating technology requires operating in standardised ways, and extensively, that is, with multiple clients or customers distributed in time and space

3 *Intensive Technology* The identity characteristic of intensive technology is that it involves feedback from the object being worked The intensive technology uses a variety of techniques but the selection, combination, and order of application are determined by feedback from the object, such as hospital, etc , where further actions are taken after getting feedback from the patients. The intensive technology is a custom technology Its successful employment rests in part on the availability of all the capacities potentially needed, but equally on the appropriate custom combination of selected capacities as required by the individual case or project

Woodward has classified technology which is quite relevant for industrial organisations She has classified manufacturing technology into process or continuous production, unit or small batch production, and large batch or intermittent production.[12] Process production involves continuous production of goods in anticipation of consumer demand rather than in response to customer order Since this type of production lends itself to a standardisation of production techniques and automation and mechanisation, labour costs can be kept low. Example of such production technology may be petroleum and chemical industries In unit production, the product is manufactured on the basis of specific customer order. The products are generally heterogeneous and the cost is usually high Large batch production is essentially a mixture of above two technologies Its characteristic is that products are made for inventory but they are combined differently for different customers The finished products are heterogeneous but within a range of standardised options assembled by the manufacturers Most of the industries like automobile, textiles, etc , fall within this category.

Technology and Organisation Structure

The technological factor in an organisation situation is the central point of concern in any type of organisation design because the nature of

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11 Thompson *Op cit*

12 Joan Woodward *Industrial Organisation Theory and Practice*, London Oxford University Press 1965

technology will have important influence on how the organisation is designed The structure of an organisation and the division of its activities, the network of roles and role relationships have to relate intrinsically to the task to be done Noting the effect of technology as one of several variables influencing the organisation structure, Lawrence and Lorsch state that 'the body of technical knowledge relevant to the work of a given organisation acts as an important environmental influence on the organisation structure, that is, the way in which the work of organisation is divided up'.[13]

The production technology limits the amount of discretion which subordinates can be given and, hence, influences organisation structure. Depending upon the type of production process, the ratio of managerial and non-managerial personnel is determined. Management content is substantially higher in continuous process. Fewer managers supervise more operatives in unit production than in continuous production. This means that managers' span of control may be wider, organisation structure flat, consequently more amount of freedom to the subordinates In a study of span in three types of technology, wide variation was noted[14] The average span for first line of supervisors was for

Mass production and assembly line	49 persons
Unit or small batch production	23 persons
Process or continuous production	13 persons

Another element of technology affecting organisation structure is the nature of work flow. The type of work flow in two types of technology—unit and mass production—is quite different In unit production technology, the specialisation is parallel. This occurs where work flow is organised to minimise the amount of coordination required, that is, the work flow among individuals and departments is minimum In the case of mass production technology, there is interdependent specialisation. This occurs where the activities of one individual or department are closely dependent on other individuals or departments Under interdependent specialisation, lateral relationships become more important in order to obtain effective coordination between specialised groups. At the same time, the subordinates have a vested interest in their own point of view or approach to problems and are unable to see the impact of their actions on others Only persons at the top level who do not have specific interest in any individual department, but have overall view of the organisation, are able to achieve overall organisational goals From this point of view, both type of technology requires different organisation pattern, with organic structure being more suitable for unit production having parallel specialisation, and less organic structure may be suitable for mass production technology

Various research studies support this view. This most significant work in this context is that of Woodward. She studied 100 industrial organisations of varying size and using different technology in South Essex (England) She found that the firms characterised by large batch and mass production technology tended to have mechanistic system of management with heavy

13 Lawrence and Lorsch, *Op cit*

14 Woodward, *Op cit*

emphasis on formal structure and small batch production technology tended to have organic system with lesser emphasis on structure. The organisations having unit and process production made greater use of verbal communication, whereas mass production organisations tended to use written communication Jobs tended to be more specialised in mass production and the firms relied heavily on the traditional line-staff type of organisation structure. Line managers in these firms engaged primarily in direct supervision, while technical decisions were made by staff personnel. As against this, line managers in unit and process production firms were expected to have greater technical expertise and to make technical decisions themselves [15]

Harvey has found that as the technological specificity increases so do the number of specialised subunits, levels of authority, ratio of managers and supervisors to other personnel, and amount of programme specification [16] Similarly Zwerman has found that (*i*) classical organisation structure is found in large batch firms, (*ii*) the type of technology correlates with organisation structure, and (*iii*) ratio of managers and non-managers correlates with technology [17]

A more recent study by Peter Blau and his associates, perhaps, provides the most clear answer of the relationship of technology with organisation structure. This study consisted of interviews with the chief executives and plant managers in 110 manufacturing firms in New Jersey The researchers sought to determine, among other things, how technology influenced organisation structure.[18] Some of the findings of this study were much closer to Woodward's study. They found that there existed curvilinear relationships between technology and various dimensions of organisation structure like number of levels and supervisory span of control Therefore, both Woodward and Blau groups found that structures in unit and process production firms were similar but differed from those in mass production firms According to Blau, this is so because 'as one moves from small batch to mass production, the nature of manufacturing tasks becomes more uniform, which is reflected in an increase in routine work, a lower skill level of the labour force, and reductions in support components The data indicate that these trends are reversed in advanced production technology (process firms) Thus, production jobs are least standardised in process plants, since they generally involve maintenance of complex equipment or responsible monitoring functions there Process plants have not usually the most highly skilled blue collar work force, but also the largest production of white collar jobs requiring specialised skills'.[19]

Thus, various research studies relating to the relationship between technology and organisation structure suggest that the type of technology will

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15 Woodward, *Op cit*

16 Edward Harvey, 'Technology and the Structure of Organisations' *American Sociological Review*, April 1968, pp. 247-259

17 William L Zwerman, *New Perspectives on Organisation Theory*, Westport, Conn Greenwood Publishing 1970.

18 Peter M Blau *et al*, 'Technology and Organisation in Manufacturing', *Administrative Science Quarterly*, March 1976, pp 20-40

19 *Ibid*, p 30

determine the type of organisation structure

Other Impact of Technology on Organisation

Apart from influencing organisation structure, technology has various other impacts on organisation, particularly on its process and behaviour. The conceptualisation of organisations as systems has owed a great deal to the way in which technology appears to be intimately related to organisational process and human behaviour Either technology directly affects the human behaviour engaged in organisation or through its impact on organisation structure Thus, after analysing the relationship between technology and structure, it is appropriate to visualise as how technology affects organisational process and human behaviour in organisations.

Technology and Organisation Process

Technology affects the organisation process in several ways. The organisation process is a series of activities or operations conducting to an end According to dictionary meaning of process, there are four elements in it—action or acts, a continuous change in time, advancement or progress over time, and a goal or result Thus, process clearly implies a time dimension as well as a space dimension in which action occurs in a continuously changing progression towards some goal There are various organisation processes through which organisational objectives are achieved. Technology affects these processes through work system or work flow The work system does not only establish organisational relationships, but also the behavioural implications because it sets people in interaction as they perform their work Pfiffner and Sherwood have hypothesised following characteristics of work system on the organisation

1. The larger the space required to perform the work of an organisation, the greater will be its problems of supervision, control, and communication, and the greater its need for decentralisation

2. The more horizontal the distribution of work in space, as on an assembly line, the greater will be the problems of imposing traditional patterns of hierarchical supervision and control

3 The greater the physical boundaries between units of an organisation, the greater will be the difficulties of imposing a single policy standard throughout the organisation and the greater the likelihood that each sub-group will develop its own pattern of conduct

4 The more roles an individual is required to play in an organisation, the less specialisation there will be, despite the demands of the work process This should result in more constructive social interaction and more effective skills in dealing with individual personalities'[20]

These characteristics affect the various organisational processes—initiation and communication—in the following ways

(i) *Initiation of Action* Work flow in the organisation determines the initiation of action, that is, who will initiate action and who will receive it. The initiation of action depends upon the sequence of work flow At each point of

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20 John M Pfiffner and Frank P Sherwood, *Administrative Organisation,* New Delhi Prentice-Hall of India, 1964 pp 259-260

the work flow, one person initiates action (gives material) to next person who receives it and works on it Along this way, staff experts give advice and instruction Initiation results from work flow which is known as procedural initiation and is quite different from authroity initiation. Davis observes that 'when procedural initiation comes from someone of distinctly less skill, someone much younger, or someone inferior by any measure of status, human problems can become serious These problems tend to be componded if the relationship involves pressure on the receiver'[21] However, not all initiations may be identified as coming from some other person or group because many activities arise directly out of the work itself, wherein people respond to cues implicit in the operating situation This type of initiation is known as impersonal or situational initiation of action. People are more likely to accept this kind of initiation because they feel impersonal requirement of the work

(ii) *Communication pattern* Work flow affects the communication because plant layout and layout of other production facilities present particular opportunities that people have to talk with one another during work Besides the layout, the degree of noise, degree of alienation generated by work environment also affect communication pattern in the organisation. Technological factors in communication, such as various instruments, also have their influence on communication. One prominent area of technological impact on communication process is the application of electronic computers The capacity of information processing through computers has increased manifold which has changed the communication pattern and decision-making process to a great extent.

Behaviour in Organisation

Technology affects human behaviour considerably both inside and outside the formal organisation For example, one sociologist notes that 'because technology increasingly shapes almost every realm of our everyday life, and through formal education has increasingly become the dominant form of our modern thought, it could transform or destroy the social foundations of our most cherished human values'[22] Many of the social problems, such as poverty, war, ecological imbalance, drug abuse, are often blamed on technology.

Technology affects human behaviour in the organisation According to Blauner, technology is to be seen as the central determinant of behaviour. He states that 'the worker's relation to the technological organisation of the work process and in the social organisation of the factory determines whether or not he characteristically experiences in that work a sense of control rather than domination'[23] Technical system structures a worker's sense of powerlessness and self-entrangement, his degree of cohesion with his fellows, and the nature of work-groups, if they exist at all

Technology creates alienation if there is poor design of socio-technical system Alienation is composed of social isolation and self-estrangement

21 Keith Davis, *Human Behaviour at Work*, New Delhi Tata Mc-Graw Hill, 1978, p 219

22 Jack D Douglas, *The Technological Threat*, Englewood Cliffs, N J Prentice-Hall, 1971 p 2

23 Robert Blauner, *Alienation and Freedom The Factory Worker and His Industry*, Chicago University of Chicago Press, 1964, p 166

Davis presents alienation as the condition of feeling of powerless–ness, lack of meaning, loneliness, disorientation, and lack of attachment to job, work group, and organisation.[24] Faunce has viewed the alienation process as follows[25]:

Powerlessness
Normlessness — Social isolation (or social estrangement)
Meaninglessness — Self-estrangement

Powerlessness The term describes the emotions of the individual who feels that he has lost control over the events in his life which are important for him.

Meaninglessness In this view, the individual has difficulty in finding and utilising appropriate standards for judging the importance or use of actions or beliefs

Normlessness This is the condition in which individual sees few effective rules or standards of behaviour : the social system and its behavioural regulations have broken for him.

Social isolation. This describes the condition in which individual has lost the ability to interact meaningfully with others. He assigns low value to beliefs or goals that are held in high esteem by others in the society.

Self-estrangement This is a situation where the individual can no longer find intrinsically satisfying activities The individual is engaged in the behaviour that does not truly reflect his values, needs, or desires

Though technology causes alienation in the organisation, but this is not true for all cases On the one hand, technology creates alienation, on the other, certain type of technology reduces alienation by reducing bureaucratisation Blauner studied four diverse types of technological situations–print shop, textile mill, automobile assembly line, and highly automated chemical plant. He found that alienation was a direct function of the type of technology in operation For example, in the assembly line, alienation of workers was widespread while in the chemical plant, which operated on a continuous-process form, alienation was almost absent [26] This was due to the diverse type of technology Generally alienation tends to below in high technology process industries, compared with mechanised assembly line operations

SIZE OF ORGANISATION

The issue of organisational size has been a compelling one in organisational analysis, though most organisation theorists have hardly visualised size as an important factor This is so because of diverse research findings on the relationship between organisation size and its structure However, various research studies are available which indicate that size is an important factor in determining organisation structure Theoretical proposition suggests that size of an organisation influences its coordination, direction, control, and reporting systems and, hence, the organisation structure When an organisation is small, interaction is confined to a

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24 Davis, *Op Cit*, p 223

25 W A Faunce *Problems of an Industrial Society,* New York McGraw Hill 1968

26 Blauner, *Op cit*, p 178

relatively small group, communication is simpler, less information is required for decision-making, and there is less need for formal structure.

The concept of size is used in various ways depending upon the measurement criteria. Thus, size is measured in terms of number of employees, scale of operations, size of investment, etc These conceptual difficulties are, however, erased when research on size is examined Generally there is positive correlation among the various indicators Hall has concluded, on the basis of review of various research studies on organisation size, that an organisation's membership size is also closely related to its financial size, and large organisations are large in terms or both their membership and their resources [27]

Size and Structure—Positive Findings

The arguments in favour of size as a contextual variable of organisation structure is quite compelling In a study carried out for the American Management Association, Earnest Dale analysed the data collected from 100 large (5,000 or more employees) and 66 medium-sized (500-5,000 employees) to establish the relationship between size and structure He found a tendency for organisational size and decentralisation to be related However, he found that certain large organisations retained their functional centralised organisation structure [28]

In the study of 46 English organisations, Pugh and his associates used size as contextual variable relating it to various aspects of organisation structure Their findings indicate that size is an important variable in the analysis of organisations They conclude that 'the correlation between the logarithm of size and structuring of activities lends strong support to descriptive studies of the effects of size on bureaucratization Large organisations tend to have more specialisation, more standardisation, and more formalisation than smaller organisations'.[29] In a replication of the above study, John Child came to similar conclusions on the basis of data collected from 82 British organisations He found that size was the major predictor of decentralisation [30] Similarly Blau group also found that size, in terms of number of employees, was related to some organisation structure features, including the number of levels and divisions [31]

Negative Findings

There are various research studies which suggest that there is little or no relationship between organisation size and its structure Woodward found almost no relationship between size and structure [32] In a major study of the influence of organisation size, a group of researchers concluded that the relationships between size and other structural components are inconsistent

27 Richard H. Hall, *Organisations Structure and Process*, Englewood Cliffs, N J Prentice-Hall, 1972, p 112

28 Earnest Dale, *Organisation*, New York A M A , 1962

29 D S Pugh et al, 'The Context of Organisational Structure', *Administrative Science Quarterly*, March 1969 p 98

30 John Child, 'Predicting & Understanding Organisation Structure', *Administrative Science Quarterly*, June, 1973, pp 168-185

31 Blau *et al*, *Op cit*

32 Woodward, *Op cit*

There is a slight tendency for larger organisations to be both more complex and more formalised, but only on a few variables does the relationship prove to be strong On others, there is little, if any, established relationship'[33] These findings suggest that size may be rather irrelevant as a factor in determining organisation structure

Kimberly, in a recent review of many empirical studies of size and organisation structure, has identified several problems that may help to explain the inconsistent findings concerning size and structure[34] (i) The researchers, in general, have not provided a theoretical explanation as to why size should affect structure. (ii) Different researchers have used different measurement criteria for determining the size of the organisation. (iii) There is not enough evidence concerning the effects, if any, of size on different types of organisation—those in different industries, with different technologies, and so on. (iv) It is difficult to ascertain whether size causes structure or structure causes size Most studies of size and structure have focused on one or more organisations at one point of time, rather than on several organisations at one point of time, rather than on several organisations over time Thus, it is difficult to ascertain whether size has caused structure or because of structuring in particular, way organisation size has to increase.

Given these inconsistencies in research findings on size and structure, it cannot be said conclusively the positive and high correlation between the two factors However, some broad conclusions can be drawn about the aspects of organisation structure which seem to be directly related with the size First, certain structural factors, like number of levels, number of divisions, and number of job titles, generally increase with the size of the organisation Similarly the degree of formalisation also increases with the size Such observations are important in designing the organisation structure because these have to be taken into account Second, conclusions regarding size and decentralisation cannot be made without taking technology of the organisation into consideration Thus, it does not provide clear-cut answer for designing the organisation structure

PEOPLE

Organisation structure is the result of conscious actions on the part of people who are engaged in the organisation As such, the form of organisation structure is expected to reflect the thinking and way of working of its framers and participants The form of organisation is a major source of satisfaction or dissatisfaction for the people For example, Argyris argues that traditional forms of organisation are restrictive and failing to allow members to develop psychologically and encouraging nature behaviour patterns[35] The requirements of different types of people differ considerably and these can better be met if suitable organisation structure is designed Moreover, the structure is the result of personality effect of its framers Thus, to arrive at appropriate

33 Richard H Hall *et al* Organisational Size, Complexity and Formalisation *American Sociological Review*, Dec 1967, p 908

34 John R Kimberly Organisational Size and Structuralist Perspective A Review Critique, and Proposal, *Administration Science Quarterly*, Dec 1976

35 Chris Argyris, *Personality and Organisation*, New York Harper & Row 1957

structure, the forces in people may be analysed Such analysis may be in two ways · people in superior capacity and people in subordinate capacity.

Forces in Superiors

The design of an organisation is influenced greatly by many forces operating within managers' personalities Managers perceive the problem of their organisations in a unique way depending upon their background, knowledge, experience, and values Management of the organisation, particularly top management, decides such crucial factors as the type of industry in which the organisation should go, the basis on which it will face competitors (such as price, quality, diversity of product line, service, and so on), structure of top management and that of organisation All such decisions have to be made in the context of the relationship between the environment and the managerial philosophy. Differences in managerial philosophy affect some basic variables of organisation structure For example, Negandhi and Estafen found that two textile mills in India having different philosophy, one having philosophy of long-term profit, and other having the philosophy of quick profit, had different organisation structure, delegation of authority, span of management, communication pattern, and employee morale.[36] Similarly Chandler has shown the relationship between the strategy a business adopts, consciously or otherwise, and the structure of its organisation According to him, different types of organisation structures can cope effectively with different types of managerial strategies [37]

The manager's feelings about the degree of autonomy and freedom required for their subordinates will have an important impact on the form of organisation structure McGregor's assumptions about human nature—theory-X and Y—indicate two different approaches in pattern of management and organisation affecting the individuals in organisations in particular ways [38] Thus, if managers have a feeling that their people fall under the assumptions of theory X, they would like to have a mechanistic structure which provides closer control on the individuals On the other hand, if they have faith in theory Y, perhaps they may design organic structure which fulfills the needs of self-motivated people

Managers' assumptions about the relationship between organisation and its environment will influence the organisation structure Shetty and Carlisle observe that 'if the managers believe that organisations could function effectively by being able merely to adjust to external environmental conditions, then the structural model will be closer to bureaucracy. This is basically a process of equilibrium, rather than change When managers believe that an organisation could not only respond to change but could be an agent of change, the structure will be closer to organic-adaptive' [39]

Forces in Subordinates

People working in the organisation perform their work as sub-ordinates

36 A R Negandhi and B D Estafen, A Research Model to Determine the Applicability of American Management Know-how in Differing Cultures and or Environment *Academy of Management Journal*, Dec 1965 pp 309 318

37 Alfred D Chandler *Strategy and Structure*, Cambridge Mass MIT Press 1962

38 Douglas M McGregor *The Human Side of Enterprise*, New York McGraw-Hill 1967

39 Y K Shetty and Howard M Carlisle A Contingency Model of Organisation Design *California Management Review* Jan 1972 pp 38 45

and their need satisfaction depends to a great extent by the type of organisation structure. Argyris and Herzberg mention that the type of organisation structure affects need satisfaction of people by providing or denying the opportunities to work freely and in autonomous way. They suggest that there is a conflict between traditional organisation structure and satisfaction of employees' psychological needs.[40] Herzberg's two-factor theory suggests that specific organisational form can be designed to provide job enrichment to enhance motivation and job performance.[41] Thus what will be appropriate for motivation seekers may not be for maintenance seekers.

A particular organisation structure may not be suitable for both skilled and unskilled workers or for professional and non-professional people. This is so because both groups of people have different need patterns. Skilled and professional people are more involved in their job and are anxious for an opportunity to have high degree of autonomy on the job and opportunity to participate in decision-making process relating to it. Snaith observes that 'precisely what drives a human being to pursue a professional career makes him eminently unsuitable to participate in highly organised corporation plan. He is characterised by a strong sense of individuality, pride in the discipline of his professional speciality (which supersedes, in his opinion, any other form of discipline, particularly that of a business operation), and sets of values and drives which cannot always be satisfied by conventional incentives. Not the least of these drives is the desire for personal recognition, stronger in the professional designer the closer he approaches the status of an artist'.[42] Thus, professional people can better be managed by the organisation structure which satisfies their needs for autonomy, less direct control, and participation in decision-making. Such structure is clearly different from the traditional one.

Now some conclusions may be drawn about the type of structure that an organisation should follow. It can be suggested that structure is a result of several operating forces at the work-place. A successful structure is one which integrates these forces. Thus, what might be a suitable structure for one organisation may not be for another organisation even in the same industry. Rather the suitability will be determined by the satisfaction of the requirements of various forces—environment, technology, size, and people, and these conditions are likely to vary from organisation to organisation.

DISCUSSION QUESTIONS

1. The contingency approach suggests that the best organisation structure is one which takes into account the various factors affecting it.' How do you react to this statement? Identify the major factors which should be taken into account in deciding an organisation structure.
2. What is the concept of organisational environment? How is environment relevant for organisation structure?
3. Discuss the impact of technology on organisation structure.
4. What are the effects of technology on organisation process and behaviour of organisation members?
5. What is the measurement criteria of the size of an organisation? How does size affect the organisation structure?
6. What are the various forces in superiors and subordinates which affect the organisation structure?

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40. Chris Argyris, *Integrating the Individual and the Organisation*, New York: John Wiley, 1964. Frederick Herzberg, *Work and the Nature of Man*, New York: World Publishing, 1966.

41. Herzberg, *Op. cit.*

42. William I. Snaith, 'Managing Professional People,' in H.B. Maynard (ed.) *Top Management Handbook*, New York: McGraw-Hill, 1960, p. 941.

Designing of Organisation Structure

Theme

To identify the need for formal design of the organisation	To understand the basic mechanism of organisational design with regard to various processes involved, namely departmentation, span of management. and delegation of authority so that organisation structure can be made effective.

An organisation requires sound organisation structure which can be designed taking into account the various contextual factors, as identified in the previous chapter. Though organisation structure is composed of both formal and informal structures and resultant organisational behaviour is achieved through the interaction of both, it is the formal aspect only which is designed The designing of organisation structure is neither naturally nor deterministically occurring conditions for given states of nature. Rather, the structure and functioning of organisation are the deliberate result of strategic choice by organisational administrators

It is useful to make distinction between basic structure and operating mechanism while taking decisions about organisational design. Designing of basic structure involves such central issues as how the work of the organisation will be divided and assigned among positions, groups, departments, divisions, etc., and how the necessary coordination to achieve organisational objectives will be achieved Such an exercise is recorded in the form of organisation charts and manuals On the other hand, operating mechanism includes such factors as control procedures, information systems, reward and punishment systems, appraisal systems, and so on.

Need for Formal Organisation Structure

The various characteristics of formal organisation structure, as identified earlier, suggest that formal structure is required because large number of people are associated in achieving organisational objectives. All of them perform various functions which are interdependent and interrelated As such there must be plan for systematic completion of the work of each specialised job so that the total activities accomplish common objectives Though an organisation structure is required primarily to overcome the limitations of individuals, it serves many purposes Organisation structure is the mechanism through which management directs, coordinates and controls the business It is, indeed, the foundation of management. If the organisation plan is ill-designed, if it is merely a makeshift arrangement, the management is rendered

difficult and ineffective If, on the other hand, it is logical, clearcut and streamlined to meet present-day requirements, the first requisite of sound management has been achieved In short, the sound organisation facilitates management process, encourages growth and diversification, provides for optimum use of technological improvements, encourages humane use of human beings, and simulates creativity

1. *Facilitating Management* A properly designed organisation facilitates both management and operation of the enterprise, while inadequate and faulty one may not only discourage but make effective management impossible Management work takes place with certainty and continuity only if appropriate functional groups are provided to help managers The grouping and arrangement of activities directly affect operating results If the important activities are overlooked or subordinated, the results would be detrimental. Successful managers always try to develop good structure In many enterprises, a separate unit for organisation analysis is created which looks after authority and responsibility delegation, communication, control, and coordination, and 'ries to find out to modify these according to needs

2. *Encouraging Growth* The organisation structure is the framework within which an enterprise grows This requires a flexible structure where changes may be incorporated With the increase in size, either the quantity of same work increases, or diversification takes place. Moreover, sound structure facilitates growth by increasing the efficiency The structure, which is ideally suited to an enterprise today, may be inadequate and unsuitable when it expands. The managers should have constant perusal of the structure to modify it so that growth can be assimilated

3 *Optimum Use of Technological Improvement* Many new technological improvements are being made every day and the organisation cannot remain aloof to these improvements, but it takes the advantage of these. The advantages can best be realised by having a suitable organisation structure because, on the one hand, the use of a technology involves costs and, on the other, it contributes to the objectives A proper balance can be maintained only by a balanced organisation structure For example, the use of computer involves costs, but it processes the information very quickly the cost of the computer can adequately be justified by its use which requires a particular organisation structure.

4 *Encouraging Human Use of Human Beings* This is what is referred to as providing psychological satisfaction to individuals in the organisation. An individual contributes his best when his satisfaction is the most. Most of the psychological satisfaction one derives from his work, his relationships, and his working environment Providing of psychological satisfaction is possible through good organisation structure The organisation structure also develops people by creating provisions for training and promotional avenues.

5 *Stimulating Creativity.* A sound organisation based on specialisation stimulates creative thinking and initiative by providing well defined area of work with provision of development of new and improved ways of working Many practitioners have also contributed to the development of organisa-

tional studies which show the results of their creativity which has come because of organisations themselves

Planning for Organisation Structure

The organisation structure to be effective must meet certain criteria Since organisation structure is the result of conscious creation, there should be a well-conceived plan for it The planning will specify the type of functions the structure is expected to meet Though there cannot be any universal framework for organisational planning because of the complexity of various factors affecting designing, major elements of organisational design can be identified Some of the major elements of planning of organisation structure are as follows :

1. *Consideration of Contextual Variables* An organisation structure is best which fulfils the demands of various contextual variables, namely, environment, technology, size, and people First of all the impact of these factors must be established so that the structure is designed accordingly

2. *Departmentation.* Departmentation is the process of arranging work to form positions, functions, and other organisational elements There are several ways of departmentation However, any base should provide *(i)* facility in coordination, *(ii)* advantages of specialisation, *(iii)* minimum cost, *(iv)* emphasis on important activities, *(v)* consideration of internal and external factors, and *(vi)* development of individuals Departmentation is not a fixed pattern, it should be checked and analysed from time to time to make necessary adjustments according to changes in internal and external variables.

3 *Balancing* Each function should be given its proper emphasis with respect to its basic purpose in the organisation Each element of the organisation should be seen in the context of total structure because no decision can be taken on a particular element in isolation Compromise in various elements gives a balanced and workable organisation structure

4 *Focusing on Operating Responsibility* The work assignment creates responsibility Organisation structure should clearly define the responsibility of all the individuals so that they exactly know what is expected of them Clearly defined responsibility helps in delegating appropriate authority to various levels Moreover, when responsibility is clearly defined, the persons can be trained accordingly to occupy the positions

5. *Establishing Span* Span of management, supervision, or control refers to the number of people one manager can supervise There is a limit on this number , however, arbitrary designation of limits on number is misleading In practice, the span may vary widely because a number of factors determine this The span should be decided on the basis of its needs at various levels of organisation

6 *Facilitating Units* Departmentation and responsibility centres provide as to who will perform the work The persons heading the responsibility centres need the help of facilitating units which are created in the organisation These units may be organised in the form of departments, sections, or committees In organising these units, factors like coordination of operating units, consistent action throughout the organisation, provision for adequate importance and control, and common use of specialised facilities should be considered

7. *Provision for Top Management* In a corporate form of organisation, which is an artificial person, invisible, intangible, and existing only in the contemplation of the law, it is imperative to decide as to how the shareholders and board of directors will participate in management process Shareholders are normally indifferent to the day-to-day management of the organisation. Board of Directors also does not participate on regular basis However, these two affect the organisational functioning by prescribing general policy. The chief executive of the organisation is directly responsible for overall management The chief executive may take a number of forms—single chief executive, chief executive and chief operating executive—chief operating officer—chief staff officer, and executive group. Thus, in designing organisation structure, the role of top management and how it will participate in management process should be provided.

8 *Structural Arrangement.* Structural arrangement deals with the arranging of status, positions, or ranks Each position has certain responsibility and corresponding authority. The positions should be arranged in such a way that the arrangement does not have any adverse effect on employee's motivation and satisfaction. The status of various individuals reporting to a common superior should be kept on equal level as far as possible.

9. *Continuity.* The structure is determined for future period also. As such, it should be designed in such a way that it helps in achieving the objectives of near future also For this purpose, the structure should be kept flexible enough so that it can be adjusted to changing condition

Process in Organisation Design

There are two problems in organisation design . differentiation and integration Dalton *et al* define differentiation as 'the differences in cognitive and emotional orientations among managers in different functional departments, and differences in formal structure among these departments' and integration as 'quality of the state of collaboration that exists among departments that are required to achieve unity of effort by the environment '[1] Since various departments are the parts of the whole system, they should not be considered in isolation of others as affecting the economics and efficiencies of work performance However, since each unit is interacting in a different way with the environment, they are likely to develop differentiation to some degree or other, depending upon the specific environment The extent of organisation differentiation depends upon the certainty or uncertainty of environment and its diversity or homogeneity. Thus, designing of one unit may be different from that of other Applying the concepts of differential and integration to structural design requires activities in sequence identification, grouping, and prescribing authority relationships among individuals and groups [2] Thus, designing of basic structure involves initially the following steps.

1 *Identification of Activities* In designing the structure, managers must identify the necessary activities that must be performed in order to achieve

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1 Gene W Dalton, Paul R Lawrence, and Jay W Lorsch, *Organisation Structure and Design*, Homewood, Ill Richard D Irwin 1970 p 5

2 *Ibid*, pp 12-14

the organisational objectives While identifying the activities, it should be borne in mind that no necessary activity is left and no unnecessary activity is performed The deductive method of identifying activities is generally followed. This approach suggests that to achieve a particular goal, what steps and functions should be undertaken. It provides a classificatory system that omits nothing and guards against the activities which are unrelated to the goals The major activities are further classified into a number of sub-activities

2 *Grouping of Activities* Closely related and similar activities are grouped into departments or divisions because coordination of numerous activities can best be achieved by grouping them into basic and derivative departments Grouping may be done on several bases, such as, functions, geographical regions, types of customers, types of equipments, etc

Grouped activities in the form of departments, sections, etc., are assigned to various positions These positions are occupied by various individuals The assignment of activities creates responsibility and ensures certainty of work performance. These job assignments are made to different management members who, in turn, distribute the jobs to their subordinates This process goes on till the last level

3 *Delegation of Authority* Since the assignment of job to an individual creates responsibility on his part, he must have corresponding authority to discharge his obligations Authority and responsibility are correlated and are taken to be constant companions, because authority without responsibility is a dangerous thing, and responsibility without authority is an empty vessel Through the process of delegation, authority structure in the organisation is created, that is who will interact with whom in an official way

DEPARTMENTATION

Departmentation is the process of dividing the work of organisation into various units or departments. The terms used to denote the departments that result from departmentation vary a great deal In business organisations, such terms as division, department, and section are used: in government, these are called branch, department, bureau, and section, in military, regiment, battalion, group, and company are used Moreover, the terminology may vary in different types of organisations or in organisations of the same nature. The process of departmentation may, however, be the same

Bases of Departmentation

The activities necessary to achieve the organisational objectives are a basic consideration in organising The nature of these activities differs considerably However, the bases of departmentation have general applicability and can be applied in many different situations The bases more commonly used are: (1) functions, (2) product, (3) territory, (4) customers, (5) process, (6) time, and (7) alpha-numerical

Functions

1. Functional departmentation is the most widely used basis for organising activities and is present in almost every organisation at some level Functional departmentation may begin at different levels of the management hierarchy The various functions of an organisation may be classified into basic and secondary

Basic Functions The basic or major functions are those which are essential for the organisations and their operations contribute to organisational efficiency. These functions have been called 'organic functions' by Davis because their performance is vital and essential to the survival of the organisation and the values they create are indispensable[3] In a manufacturing organisation, production (creating utility to goods or services), selling (finding customers who will agree to accept at a price), and financing (raising, collecting and spending funds) are basic activities. Henry Fayol has divided all the operations of business organisation into six functions: technical, commercial, financial, security, accounting, and management function.[4] Only first five are horizontal functional differentials However, the basic functions are determined on the basis of their importance to the achievement of organisational objectives.

Secondary Functions When the departments are created on the basis of major functions, and a manager feels that his span of management is too large to manage effectively, this invariably happens in large organisations, various departments are created on that basis of dividing a major function into various sub-functions For example, marketing department may be classified and grouped into advertising, sales, market research, etc Thus, the process of functional differentiation may continue through several successive levels in the hierarchy

Functionalisation can continue only as long as there exists a sound basis for further differentiation Another basis of departmentation may be used when functional departmentation has been utilised to the fullest extent Size of the organisation is an important determinant of the extent to which functional departmentation is feasible.

The most important advantage of functional departmentation is specialisation which makes manpower utilisation efficient The second advantage is the performance of all necessary activities for achievement of organisational objectives. It also eliminates unnecessary activities Functional departmentation may be used for control and coordination. For example, an organisation and method department can be helpful in coordinating organisational planning and development This method is a logical and time-proven method.

Sometimes functional departments grow in size to justify their costs Managers may try to build their functional empire This problem is more prevalent in cases that cater intra-organisational services such as research, statistics, legal, etc The responsibilities of various functional departments cannot always be clearly delineated and they are interdependent which raise conflicts between them Various horizontal conflicts take place because of this horizontal relationship[5] The conflict between production and marketing is a classic example

In spite of these limitations, functional departmentation is very common

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3 Ralph C Davis *The Fundamentals of Top Management,* New York Harper, 1961, p 205

4 Henry Fayol, *General and Industrial Management,* London Pitman 1964, p 3

5 L M Prasad 'Management of Conflict in Organisations, *Integrated Management,* Feb pp 36-38

A number of solutions have been given to achieve more coordination between various departments like committee form or organisation structure, line and staff authority relationships, etc The functional basis is useful to large organisations, but not small ones. Moreover, up to a certain level, pure functional departments may exist while at the lower levels certain other bases may be employed

Product

2 In product departmentation. different types of products or services become the basis for creating departments Product departmentation is preferred when product expansion and diversification, manufacturing, and marketing characteristics of the products are of primary concern. It is generally used when the product is relatively complex and a great deal of capital is required for plant and other facilities, such as, automobile and electronic industries. Here, the product line becomes diversified and volume of production is large A product department may further be divided on functional basis.

The product departmentation may be extended further. For example, in the above case, if the organisation is manufacturing different types of trucks, cars , or buses, these may become basis for departmentation in each such department

Some people contend that product departmentation at higher levels can reduce the coordination problems A functional perspective is assumed to be more disruptive to a unity of purpose than a product perspective It facilitates the employment of specialised capital and other facilities and coordination between these can be achieved easily. Product departmentation facilitates the measurement of managerial and operative results. Profit responsibility can be exacted from product department managers because they are responsible for total operation of the department. Thus, the contribution of each product line to organisational profit can be evaluated easily. This provides an excellent training ground for managerial personnel. Each department being diversified in functions like an autonomous organisation gives higher level managers a general outlook which is important for a top level executive.

Though, this method of grouping of activities provides coordination among various activities of a product line, this encounters certain difficulties in coordination which may lead to instability of organisation structure. There is a tendency on the part of the product manager to centralise all the related activities and the advantages of specialisation cannot be taken in respect of these. Thus, some specialised activities should be centralised in the organisation. This method cannot be used in a small organisation as the managerial costs go high because of decentralisation of various product lines. It cannot be suitable for even big organisations if they do not match this cost of decentralisation by their improved efficiency.

Territory

3. Territorial departmentation is specially useful to large-scale enterprises or enterprises whose activities are physically or geographically spread, such as, banking, insurance, transportation, and distribution network throughout a territory, etc Here, all the activities in a given area of operations

is divided into zones, divisions, sections, and branches. The span of management is an important factor for this practice. Numerous branches cannot be controlled by the head office efficiently which require divisional officers for their effective management. Similar is the case with establishment of zonal offices.

Operations of an enterprise in a vast area force it to organise on territorial basis at some stages. However, territorial departmentation provides certain efficiency in the management. Local factors such as customs, culture, style, preferences, etc., affect organisational functioning. As Chester Barnard points out, the same kind of work is always different when location is different.[6] Thus, knowledge of local environment is an important element in effective managerial action. Territorial departmentation provides opportunity to take this advantage. Some operations may be economical, such as, providing services and products to customers by creating facilities at various locations. Cost of transportation can be saved. The territorial organisation provides opportunity to train managers as they look after the complete operations of a unit. The managers are forced to take an integrated view of the organisation and can develop themselves as managers of diverse fields.

Problem of communication is perhaps the most important limitation of territorial departmentation. Geographical distance presents this problem. This factor, however, does not seem to be quite strong in presentday advanced technology of communications such as telephone, telegraph, telex, etc. Another problem comes in the way of effective co-operation and control. Actual functions are performed at branch level from where the reports are sent upwards. The major policy decisions are taken at head office level. Thus, a gap always exists between branches and head office. This gap may be vital in the context of changing environment.

Customers

4. This basis of departmentation follows the division and sub-division of activities of marketing to give attention to various types of customers. Thus, the customers are the key to the way the activities are grouped. For example, if an organisation has wholesale, retail, instalment, and export business, the marketing functions will be divided into these.

The needs of widely varied customers can be satisfied through specialised staff. In fact, the basic idea behind this departmentation is to provide services to clearly identified groups of customers. Thus, the customers are attracted to have business with the organisations. Besides, the advantages of specialisation can also be derived.

This practice has certain drawbacks when followed rigidly. For instance, coordination becomes difficult between sales and other functions as this can be applied to only sales function. There may be pressures from manager of customer departments for special treatment in respect of various facilities and meeting of their demands. There is possibility of underemployment of

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6 Chester I. Barnard, *The Functions of the Executive*, Cambridge: Harvard University Press, 1951, p. 129.

facilities and manpower specialised for certain customer groups, specially in the case of recession when sales of some customer groups go down

Process

5. In this method, various manufacturing processes are taken as basis for dividing the activities Sometimes, various equipments are taken as base and similar equipments are grouped into separate sections that are utilised for a distinct operation of the job This is generally done in production department and at lower levels of organisation This is adopted mostly in textile, oil and other similar industries

The basic purpose of this practice is to achieve economic advantages The machines are set up in such a way that a series of operations on materials is feasible making operations economic It has the advantages of specialisation of functioning, maintenance of equipments, and manpower utilisation.

Limitations This method, however, proves to have the limitations of specialisation also, and makes coordination difficult Sometimes, conflicts along managers of different processes arise

Time

6 In some organisations, where work is performed throughout day and night, the work is divided into shifts Thus, when an organisation operates on three shifts, three different departments may exist one department for each shift though they all may be alike in terms of objectives and activities The basic idea is to get the advantages of people specialised to work in a particular shift

Alpha-numerical

7 In this method, the departments are created on the basis of persons or on alphabets A certain number of persons are kept under supervision of one person irrespective of the fact what they do, where they do, and how they do This method is suitable for the organisation having a large number of operatives. This method is used at lower levels of hierarchy and is quite frequent in military organisation where, at the lowest level, the soldiers are grouped on the basis of number

Choosing a Basis for Departmentation

Each basis of departmentation has its own advantages and limitations Consequently, the process of selection involves a consideration of the relative advantages of each type at each level of the organisation However, a particular basis may have strong points for one organisation, but it may not have the same strong points for others. Thus, the basic consideration is which basis will enable managers to perform organisational activities efficiently and effectively because departmentation in itself is not an end, but only a means to achieve organisational objectives

In fact, in actual practice, no single basis is followed in grouping the activities throughout the organisation As Newman[7] has suggested, also supported by actual practice, that most schemes of departmentation are a composite of several bases and there is no ideal pattern to suit all occasions and

7 William H Newman *Administrative Action*, Englewood Cliffs Prentice Hall, 1951 p 125

situations. The organiser must take into consideration the peculiar circumstances of his firm

Following factors should be kept in mind while selecting a suitable basis for departmentation :

1. *Specialisation* The departmentation is merely a reflection of the operation of the principle of division of work As Fayol[8] has pointed out, the more an organisation structure reflects the economic division of work in an enterprise through grouping of activities in departmental form, the more efficiently and effectively it tends to aid performance contributing to enterprise objectives It is due to specialisation of work As such the programme of departmentation should take the advantages of this specialisation to maximum extent However, it should be emphasised here that when the work is overspecialised, it results into loss of both motivation and a sense of accomplishment.

2 *Coordination* In a broad sense, all activities grouped in various forms have the same objective of achieving organisational goals, though they are dissimilar in nature and their performance may require different skills Thus, coordination is required in the performance of these activities so that their contribution is maximum towards general goals. Thus, going through the process of departmentation, the organiser must keep this element in his mind At times, in order to achieve coordination among various activities, one has to put certain dissimilar activities under a single manager because they need close coordination

3. *Control* Control involves the process of visualisation whether the work has been or is being performed in the same way as planned. If there is any deviation, then, to find out who is responsible for this. The way activities are divided and grouped has a marked effect on control in an organisation. Departmentation which makes it easier for management to measure performance and to hold people accountable for results, aids the effective control. Thus, it is desirable to make a clear break between the duties of one department and those of another to ascertain responsibility clearly and to have effective control

4. *Economy.* Creation of departments increases extra costs on the part of the organisation. These increase costs in several ways First, a new department may require additional managerial personnel The financial and other perquisites for them involve costs Moreover, these personnel take time of other persons for interaction which involves costs in terms of time. The addition of a single manager may not affect timing of a line manager significantly, but if several staff departments are created, these may put heavy burden on the line managers Consequently, efficiency may turn into inefficiency

5. *Recognition of Local Conditions* As pointed out earlier, the same kind of work is different when the location is different Thus, in departmentation local factors should be considered adequately The departments should be adjusted according to available manpower resources so that such person gets full-time job.

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8 Fayol *Op cit*, p 20

6 *Adequate Attention* In departmentation, the various activities of the organisation should be given adequate attention so that each necessary activity is performed and there is no unnecessary duplication in the performance of these activities Separation of auxiliary services from primary operation is done primarily to ensure adequate attention for all phases of work The degree of attention is decided in the context of organisational requirements which may change from time to time Thus, future importance of an activity should also be taken into consideration

7 *Human Consideration* Departmentation should not follow only technical aspects of various activities to be performed, but it should also take into consideration human aspects of organisation Availability of personnel, the existence of informal groups, culture, traditions, value systems, and attitudes of personnel towards various forms of organisation go a long way in determining the efficiency and effectiveness of the organisation.

SPAN OF MANAGEMENT

In management literature, span of management is also called as span of supervision or control However, the term span of management is more appropriate as compared to its alternatives because span is one of management and not only of control or supervision which are merely a part of management Span of management is referred to the number of subordinates which can be effectively managed by a superior.

A basic question arises . How many subordinates can be managed by a superior ? Is there any ideal number ? Actual spans in business organisation indicate that there is no one best number that can be universally applied , however, the number is to be limited because human capacity is limited. This number has been suggested by various persons, though very little study on this has been made Let us analyse the various approaches in determining ideal span of management

Classical Approach The classical approach to the span of management has dealt with generalisations embodying specific number of subordinates for an effective span These persons have suggested span of upper and top level from three to seven to eight subordinates[9] However, more recent operational approach has suggested that there are too many variables in management and no exact number can be fixed The exact number will depend upon underlying factors, all of which affect the difficulty and time requirement of managing

Graicunas Theory of Superior-Subordinate Relationships Perhaps the most influential paper in the past generation was that of V A Graicunas,[10] a French Management Cosnsultant, in 1933. This study was not based upon empirical observation, but rather upon theoretical projection by mathematics He has analysed superior-subordinate relationships and developed a mathematical formula based on the geometric increase in complexities of managing as the number of subordinates increase. Graicunas has identified three types

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J H Healey *Executive Coordination and Control*, Columbus Ohio State University 1956, p 11

10 V A Graicunas, Relationship in Organisation , *Bulletin of the International Management Institute*, Geneva International Labour Office, 1933

of superior-subordinate relationships : (i) direct single relationships, (ii) direct group relationships, and (iii) cross relationships.

(i) Direct single Relationships The direct single relationships arise from the direct and individual contacts of the superior with his subordinates. Thus, if A as a superior has three subordinates X, Y, Z, there would be three direct single relationships.

(ii) Direct Group Relationships The direct group relationships arise between the superior and his subordinates in all possible combinations. Thus, a superior may consult his subordinates with a second in attendance, or with all his subordinates, or with various combinations of them Depending upon possible combinations, there would be nine relationships like X with Y, Y with Z, X with Y, Z and so on

(iii) Cross Relationships. These are mutual relationships among subordinates necessary for working under a common superior, such as X and Y, Y and X. The two relationships are different because, in the first case Y consults X and in the second X consults Y and in both cases situations may be different There are six cross relationships for the subordinates

Graicunas has given a mathematical formula for finding out the number of relationships However, his approach suffers from various shortcomings, such as, ignoring the importance of relationships, frequency of relationships, and the factors which determine the span Moreover, he has left out certain possible relationships, particularly in cross relationships However, his theory gives an important indication that an executive must think twice in increasing his span because increase of one subordinate will increase relationships manifold Graicunas has suggested that an executive can manage 222 relationships which arise out of six subordinates

W W. Soujanen A great deal of controversy arises by his views on span of management [11] He has suggested that the span of management is not a valid concept to the extent that coordination can be achieved through formal and informal group activity. The replacement of old system of control by management team has changed the whole system of communication and contact in the organisation, which has affected attention paid to the way the executive controls in the command sense

Soujanen's contention that modern social science concepts have modified the concept of traditional span of management drew a sharp attention from Urwick He brought out an article in response and suggested that the contention of Soujanen was wrong and span of control principle held good [12]

Besides these approaches there are some empirical studies which show the number of subordinates under a superior A study by Davis and Baker[13] suggests that there is a span of operative supervision which exists regardless of the industry The data of the study indicate 167 operatives per supervisor. This is exactly in the centre of the generally accepted range of span of

11 Waino W Soujanen The Span of Control — Fact or Fable ? *Advanced Management,* November, 1955, pp 5-13

12 Lyndall F Urwick The Span of Control — Some Facts about the Fables *Advanced Management,* November 1956, pp 5-18

13 Alton W Baker and R C Davis *Ratios of Staff in Line Employees and Stages of Differentiation of Staff Functions,* New York AMA 1951

operative supervision. The study gives average span of executive supervision of six persons which is also in the centre of the generally accepted range of 3 to 8 or 9 subordinate executives

Another study by Earnest Dale[14] shows median number of executives reporting to the top management is between 8 and 9 for large companies and between 6 and 7 for medium size companies Thus, the number cannot be fixed This may vary in the same organisation at different levels and at the same level in different departments This shows that the span can be fixed after taking into account important factors which affect it

Factors Determining Span of Management

The determination of span of management depends upon the number of relationships which can be managed by a superior As such, the important determinant is the manager's ability to reduce the frequency and time impact of superior-subordinate relationships, though this ability itself is determined by several other factors The following factors generally go in determining a proper span of management ·

1 *Capacity of Superior.* Physical and psychological fatigue place an outer limit on the capacity of a manager. Each manager has different ability and capacity in respect of leadership, communication, decision, and control Managers having more such capacity can manage more subordinates Moreover, the attitude and personality factors of a manager also determine this span, an empire builder may have a larger span than a submissive individual.

2 *Capacity of Subordinates* Efficient and trained subordinates discharge their functions efficiently without much help of their subordinates They only need broad guidelines In such a case the span may be larger because a superior will be required to devote less time in managing them Similarly, changes in subordinates make span narrower.

3. *Nature of Work.* If a superior is going to direct the work of his subordinates, he must know what the jobs are and how they are performed and must possess the information on the state of work in and around them Consequently, the superior's task is much simpler when his subordinates do similar and identical work, and his span would be wider. In a study of marketing executives, it has been found that mean span of control for those supervising similar job work was 16·0 as compared to 6·7 for different work [15]

The rate of change in work also affects the span It determines the degree to which policies can be formulated and stability of formulated policies maintained Low rate of changes provides scope for wider span of management

The types of technology used also affect the span Some technology provides scope for wider span In a study of span in three types of technology, wide variation was revealed [16] The average span for first line supervisors was for

14 Earnest Dale *Planning and Developing the Company Organisation Structure,* New York AMA, 1952

15 J G Udell, 'An Empirical Test of Hypothesis Relating to Span of Control, *Administrative Science Quarterly,* Dec 1967, pp 420-39

16 John Woodward, *Industrial Organisation Theory and Practice,* London Oxford University Press, 1965

Mass production and assembly lines 49 persons
Unit or small batch production 23 persons
Process and continuous production 13 persons

4. *Degree of Decentralisation* Higher the degree of decentralisation, wider is the span of management. If a manager clearly delegates his authority, defines it fully, he requires less time to devote to manage his subordinates because most of the actions would be taken by them on their own. But, if the subordinates do not have adequate authority, or there is ambiguity in the authority, these require frequent consultation and clarification from the superior and they take a disproportionate amount of superior's time. Consequently, a manager has to keep his span narrow.

5. *Planning.* If subordinates' jobs are well defined through planning process and they know what is expected of them, they are able to perform their task better without consulting the superior On the other hand, if subordinates have to draw their own plans, they do not know what exactly they have to do, they require much time for guidelines and consultation. In a case of production department where foreman had to perform repetitive functions, he operated satisfactorily with as many as 60 to 70 subordinates [17] This is possible only because of standing plans which subordinates follow in repetitive decisions and relieve superior's burdens.

6 *Use of Staff Assistance* As staff men share managerial work for reducing the workload of managers, subordinates can get advice and guidance from staff personnel Empirical studies have also suggested that personal assistants can reduced the workload on the manager, thereby permitting him to handle more subordinates In the marketing division, executives having staff assistance had span of management 15 3 as compared to 8 5 for executives without staff assistance [18]

7 *Communication Techniques* The status of the communication technology and the effectiveness with which the technology can be used also affects the span of management. If every thing is communicated by face-to-face contact, it takes much of a manager's time On the other hand, communication in writing, with the assistance of staff personnel, saves time. Various electronic devices which process the information quickly help in increasing the span of management.

8 *Supervision from Others.* Classical theory suggests that each person should have only one superior ; however, the trend is changing and organisation members receive some sort of supervision from other managers in the organisation such as staff personnel Udell has found that it is not uncommon for men to receive 50 per cent or more of their supervision from someone other than their own supervisor In a study, he found that when a manager's subordinates were getting assistance from others, the mean span was 17.6 as compared to 9 7 for those managers whose subordinates did not

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17 Koontz and O'Donnell, *Principles of Management,* New York McGraw-Hill, 1968, p 249.

18 J Stieglitz 'Optimising Span of Control , *Management Record,* Sept 1962, pp 25-29

receive this amount of supervision from others[19]

The analysis of various factors affecting span of management suggests that there cannot be any fixed number of subordinates under one superior. While deciding span, one must take into account all these factors in totality. However, it can be concluded that traditional narrow span is giving place to wider span. However, spans become smaller at the higher levels in a management structure, though, even at the same level, there will be considerable variation in the span of management.[20]

On the basis of a review of small group research and other behavioural investigations, House and Miner conclude that the implications for the span of control seem to be that (1) under most circumstances, the optimal span is likely to be in the range of 5 through 10; (2) the larger spans, say 8 through 10, are most appropriate at the highest policy making levels of an organisation, where greater resources for diversified problem-solving appear to be needed (although diversified problem-solving without larger spans may well be possible) ; (3) the breadth of effective spans of first line supervisors is contingent on the technology of the organisation ; and (4) in prescribing the span of control for specific situations, considerations must be given to a host of local factors such as desirability of high group cohesiveness, the performance demands of the task, the degree of stress in the environment, task interdependencies, the need for member satisfaction, and the leadership skills available to the organisation[21]

Wide *Vs* Narrow Spans

A narrow span throughout an organisation causes tall or vertical structure, and a wide span causes a flat or horizontal structure. For example, if 100 workers are to be supervised and the span is kept limited to five there would be four levels as compared to three if the span is ten. In the first case the number of supervisors is 25 while in the second case their number is only 11 as shown below :

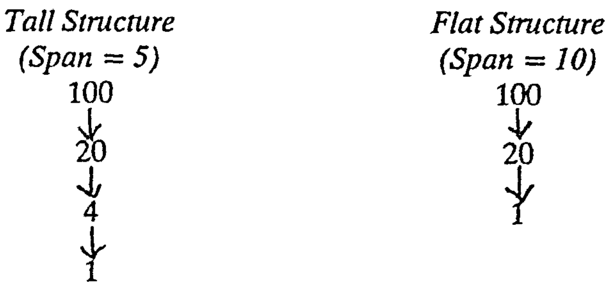


Fig 20 1 Organisational difference caused by different spans of management

A narrow span which results in many levels in the organisation creates problems both in terms of cost and efficiency First, the levels are very expensive because it requires more supervisory staff as shown above The real work is performed at operative levels, and other levels unnecessarily increase

19 J C Udell, *Op cit*

20 Joseph A. Litterer, *The Analysis of Organisation,* New York · John Wiley, 1973, p 561

21 RJ House and J B Miner, 'Merging Management and Behavioural Theory: The Integration between Span of Control and Group Size, *Administrative Science Quarterly,* Sept , 1969, pp 451-64

costs Secondly, communication in a tall organisation has several limitations Communication through scalar chain has to travel various levels, which not only delays it to reach at appropriate points, but it also gets distorted or sometimes it is missed absolutely. Thirdly, tall structure presents problems in coordination and control. The top management is much away from the operatives where actual work is performed The things which may be definite at the top level may not remain as exact and definite when these reach the lowest level. Thus, the complexities of things and difficulties of communication make control and coordination more difficult. Besides these limitations, the tall structure has certain advantages such as reinforcing the authority relationships through emphasis given to status, placing burden on cross-communication which sometimes becomes a problem, and providing opportunity for promotion because of many positions

In flat structure, communication chain is shorter, though there is more cross-communication. Persons prefer flat structure because it is more free of hierarchical control They feel more autonomy and develop independent spirit. The flat structure reduces cost on the part of organisation. This is not fully free of limitations and its benefits can be turned into shortcomings if the people are not properly motivated.

To take the advantages of flat structure, the tendency of wider span is increasing Many prominent companies, in the U.S.A , are following wide span of management successfully In India, too, prominent organisations are following wide span The factors responsible for wide span may be identified as :

(i) the trend towards decentralisation ,
(ii) improved communication technology ;
(iii) increasing size of organisations ; and
(iv) the new pattern of leadership evolving from a growing acceptance of group process

DELEGATION OF AUTHORITY

Delegation of authority is the process through which a manager gives authority to others in order to accomplish certain assignments Organisation units require the delegation of authority to their respective managers so that they can manage their respective units Every manager in the organisation has some activities assigned by the superior. In order to perform these activities, he needs authority to take decisions about these and to enforce them. In fact, authority vests in the owners of the organisation, and from there, it is delegated to the chief executive. The chief executive cannot perform all the activities, hence, he assigns some activities to his subordinates and delegates them authority This process of delegation and redelegation from superiors to subordinates goes on till all the activities are assigned to persons by whom these are performed Delegation has the following characteristics

1 Delegation is the authorisation to a manager to act in a certain way independently. The degree of delegation puts a manager to act within the limits prescribed by his superior. Moreover, within the limits he is not free to act arbitrarily but subject to provisions of organisational policy, rules and regulations

2 Delegation has a dual characteristic A superior delegates authority to subordinates; however, a superior at the same time still retains authority. As Terry has observed, 'it is something like imparting knowledge. You share with others who then possess the knowledge, but you still retain the knowledge too[22]

3 Authority once delegated can be enhanced, reduced or withdrawn depending upon the requirement The changes in organisation structure, organisation climate, policy, procedure, and method require modifications in delegation of authority Since, authority is delegated to an individual, the authority can be recovered back fully in the case of his exit from the organisation

4. A manager cannot delegate authority which he himself does not possess Moreover, he does not delegate the entire authority to his subordinates because if he delegates all his authority he cannot work

5. Delegation may be specific or general. Similarly, it can be written or unwritten Delegation is specific when courses of action for specific objectives are specified ; it is general when these are not specified, though objectives are specified

6 , Delegation is an art Like any other art, delegation has to follow certain fundamental rules which make delegation more effective It has to be related to duties and responsibilities, personal factors in superior and subordinate, organisational objectives and policies, and external and internal environment

Principles of Delegation

A manager, while delegating authority, should observe certain principles. Unless these principles are well recognised in practice, delegation cannot be made effective. The following principles are guides to delegation of authority ·

1. *Functional Definition* In an organisation, the activities are classified and grouped to create departments Each department contributes to organisational objectives and, in turn, has its own specific objective. Thus, clearly defined objective of a department, or position, results which are expected, the activities which are to be performed, and its relationships with other positions enable a manager to ascertain the requirements of that position

2 *Delegation of Result Expected* The authority is delegated to get certain results by performing particular activities The authority delegated to a manager should be adequate to assure his ability to accomplish the results expected of him.

3 *Parity of Authority and Responsibility* The authority and responsibility of any manager should be co-equal Authority gives a person right of taking and enforcing decision to accomplish assigned activities , responsibility places the obligation upon the person to perform these activities by using this authority Authority without responsibility lacks an [illegible] iate purpose, and

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22 George O Terry, *Principles of Management*, Homewood, Ill Richard D Irwin, 1978, , p 336

likewise, responsibility without authority to carry on assigned activities has a hollow ring.

4 *Unity of Command* This principle suggests that a subordinate should be responsible to a single superior and he gets the authority from him (superior) The more completely a subordinate has the reporting relationship with a single superior, the less the problem of conflict in instructions and greater the feeling of personal responsibility for results. In alternative cases, responsibility cannot be fixed accurately and the authority is undermined.

5. *Absoluteness of Responsibility* As discussed earlier, responsibility cannot be delegated Thus, no superior can avoid his responsibility for the total activities assigned to him merely by delegating his authority to his subordinates. Thus, the responsibility of a subordinate manager is absolute towards his superior.

Factors in Inadequate Delegation

The delegation of authority must be commensurate with responsibility or, putting it in another way, the delegation should be according to its need both in terms of quality and quantity. If a manager thinks that he has as much authority as needed to perform his duties, he can regard his authority to be adequate Delegation is inadequate to the extent it falls short of the need for authority. Thus, inadequacy of delegation is the gap between the existing delegation and its felt need This can be expressed algebraically

Degree of inadequate delegation = Degree of felt need for authority
− Degree of delegation of authority [23]

Adequate authority at different levels of management is important for the efficient performance of duties. However, in actual practice, adequate authority is not delegated at these levels There are many factors which make a superior to withhold authority rather than to delegate adequately. These factors can be identified in terms of delegator (superior), delegant (subordinate), and organisation.

1 *Factors in Delegator*

The qualities of the superior play an important part in determining the kind of functional and social equilibrium that will be achieved in the superior-subordinate relationships ; and consequently the delegation of authority A superior manager does not delegate adequate authority to his subordinate because of the following reasons .

1 A superior generally does not delegate because of his love for authority. Some managers have an intense desire to influence others, to make their importance felt in the organisation, and to see that their subordinates come frequently to them to get their decisions approved. The desire of love for authority inspires managers to delegate inadequately.

2 The personality factors of superiors also determine the degree of delegation Superiors following democratic leadership styles delegate more authority to subordinates as compared to authoritarian ones

23 D N Elhance and R D Agarwal *Delegation of Authority*, Bombay Progressive 1975 p 138

3. Sometimes managers do not delegate adequately because of fear of being exposed, since delegation may reveal managerial shortcomings being practised This happens more particularly when superiors are weak ; they have poor operating procedures, methods and practices.

4 Managers who move up the managerial hierarchy from below want to continue to make decisions for the positions they have left. This shows the lack of assuming the managerial role when promoted to the higher managerial ranks Such managers hardly delegate adequately.

5. Managers can assign their duties to subordinates, can delegate authority, but not the responsibility. If subordinates make wrong decisions, things go otherwise. However, superiors are ultimately responsible for these too This makes superiors, unwillingness to accept the risks of making wrong decisions by subordinates Consequently, they withhold authority with them

6 The attitudes of superiors that subordinates are not capable of using authority properly, they are not competent to take appropriate decisions, and they prove challengers for superior's positions, and the lack of faith in subordinates result in inadequate delegation

7 Superior managers may feel that their subordinates do not require much authority while subordinates may have a different feeling in this respect. Perception of a superior and subordinate differs considerably over the need of authority for a particular position Such feelings in the minds of superiors result in inadequate delegation because superiors never like to delegate more than what they feel is required

2 *Factors in Delegant*

The delegation of authority is also determined by the qualities of subordinates. While superior's perception about the qualities of subordinates plays an important role in delegation of authority, subordinates themselves affect the degree of delegation Some subordinates have capacity to assume more responsibility than others Competent subordinates absorb the work and responsibilities as well as authority of their weaker associates As a result, the actual authority of such subordinates may be significantly more than specified formally Similarly, a strong subordinate may take decision in an area which is not delegated to him normally if he is helpful in discharging the superior's responsibilities who may be overburdened, weak, or has trust in his subordinate

3 *Organisational Factors*

Although temperaments of individual managers affect the extent of authority delegation, other organisational factors also affect it The individual managers do not have control over these factors In some circumstances even the autocrat in a smaller enterprise is forced to delegate some authority. If organisational factors influencing delegation of authority are not favourable, one can hardly expect adequate delegation Factors like management philosophy, availability of managers, control techniques, decentralised performance, environmental influences, and the size of the organisation affect delegation of authority

In an organisation, authority is the cement of the organisation structure With the increase in size, specialisation, and need for employee development,

they do not delegate all authority, as such, they are interested to know how decisions are being taken, authority is being used, and problems are being tackled. This open line of communication brings both superior and subordinates closer and they can solve many problems which come in the way of delegation.

DELEGATION OF AUTHORITY IN INDIA

In Indian business organisations, there is a lack of adequate delegation of authority to various managerial levels. In public sector enterprises, delegation of authority is not always for the whole job. In most of the enterprises, due to its bureaucratic or semi-governmental nature, delegation is not enough to enable the manager to execute his duties with confidence and convenience.[24] In the private sector, too, the position is no different, except in a few organisations, where most of Indian managers and owners of the enterprises manage the affairs of their organisations in an authoritarian way. They rely more on their personal whims, prejudices, and attitudes. They have always a habit of deciding the fate of their organisations and they have been very rigid in their directions and instructions to their managers and workers In such a case, adequate delegation cannot be expected. Kakar opines that there is a high degree of control of subordinate's task performance by the superiors in Indian organisations. This is complemented by the welcome accorded to close supervision and non-participation in policy formulation and planning by a substantial number of subordinates. It is the parental type in general and authoritarian in particular, which usually dominates superior-subordinate relationships in Indian firms.[25] Almost a similar view has been expressed by A.D Moddie. 'True delegation which involves the delegation of authority to act and be accountable comes hard in the Indian managerial world In most cases, delegation amounts to specific task-giving and does offer the description to think, act and to be accountable In both the private and public sectors, the Indian manager favours delegation of authority to him, not so much from him to a subordinate Indian decision-making is a process of much consultativeness in which decisions ultimately emerge at the top, seldom in the middle, and almost never at the bottom of private and public managements beyond the routine.[26]

D R. Singh has observations that in many private sector organisations, the delegation of authority is gradually increasing This phenomenon is more common in the case of big organisations than in the case of small and medium size companies This is due to the diversification of business into different types of industries, increasing complexity and environmental situations, realisation on the part of industrial houses regarding the effective contribution of professional managers as evidenced by the examples of western countries, legal provisions of the Indian Companies Act regarding the appoint-

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24 Chandrakant Lotia ' *Management Problems of the Public Sector in India*, Bombay Manaktalas, 1967, p 60

25 S Kakar, 'Authority Relations in Indian Organisations', *Management International Review*, Vol 1, 1972

26 A.D Moddie, 'Indian Manager in His Environment , *ASCI Journal of Management*, Sept p 197

ment of director and the abolition of managing agency system, etc. On account of these developments, the management in India is now being increasingly handled by professionals independent of family ties. Day-to-day control is now being delegated to the young people recruited from outside.[27] Here, too, the authority for taking strategic decisions, more particularly in finance area, is not delegated adequately, which is also supported by empirical studies.

In the study of delegation of authority covering two units in private and two in public sector by Elhance and Agarwal,[28] it has been found that there is moderate degree of delegation of authority both in private and public sectors, the degree of delegation is higher in the latter. Further, in both the sectors, there is the highest degree of technical delegation and the lowest degree of financial delegation. Personnel delegation ranks next to administrative delegation and the latter follows technical delegation In another study of a public sector unit, the same pattern was revealed regarding overall authority delegation and delegation in various matters [29]

Reasons for Inadequate Delegation

The above discussion shows that delegation of authority in India, in general, is inadequate. The important reasons for inadequate delegation in the organisations, as a whole, are mentioned below:

1 Socio-cultural factors in India do not allow independent decisions in the society, and a very little autonomy is allowed Kakar has pointed out the authoritarian background of Indian society by selecting thirty-one children stories His findings indicate that 'the image of the superior as portrayed in these story readers which in 100 per cent of the cases is that of an autocrat—either assertive or nurturant—and these authority figures enforce authority primarily by providing emotional rewards to and arousing guilt in the subordinate individual Finally, in a very large number of cases, the acceptance of authority is so complete that it takes the form of active submission.[30] This characteristic is brought out by individuals in the organisations and here again they are governed by how they have behaved in the society right since their childhood. Consequently their basic nature is against adequate delegation of authority.

2. There is an inherent desire for withholding of authority on the part of superiors because of the love for authority. Though this is a universal phenomenon, this is operative more strongly in Indian organisations because they have to work in authoritarian culture Thus, inadequate delegation starts right from the top and flows through the various levels of the organisations. Delegant's love for authority has been identified as a major source for inadequate delegation in Indian organisations [31]

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27 D R Singh Bureaucratic Structure in Indian Business Organisations, *Indian Management*, May 1973

28 Elhance and Agarwal · *Op cit*

29 A.S Chaudhary and L M Prasad . 'Delegation of Authority, *Integrated Management*, Feb 1978, pp 21-26

30 Kakar, *Op cit*, p 53

31 Elhance and Agarwal *Op cit*, and Chaudhary and Prasad · *Op cit*

3 Most of the Indian organisations do not adopt managerial techniques, such as management by objectives, responsibility accounting, performance budgeting and other techniques of similar nature requiring decentralisation and full delegation of authority. Thus, in most cases, various organisational points do not feel the need for authority. Since the delegation of authority is based on its need at various levels, inadequate delegation results.

4. In public sector organisations, the inadequate delegation of authority starts from the Government. In fact, the policy decision in regard to various public sector organisations rests with the Government and not with the functional heads of these organisations Coupled with this, appointment of non-professionals—bureaucrats and in many cases politicians—also works against the adequate delegation of authority. Moreover, in many public sector organisations, there is always a lack of job clarity which affects the delegation adversely. Further, in such organisations, delegant's lack of confidence in the subordinates to use the authority properly and effectively, and his own reluctance to use authority in the discharge of his responsibility for fear of criticisms for mistakes are also the factors in inadequate delegation of authority.

CENTRALISATION AND DECENTRALISATION

Another highly important issue in organising is the extent to which authority is centralised, or its opposite, decentralised, in a formal organisation structure. In management, centralisation identifies concentration of authority and decentralisation dispersion of authority. However, both these terms are used to give various connotations. These words are used in the context of administrative processes, physical and geographical location, various functions being performed, or degree of delegation of authority. When these terms are used in the context of physical or geographical location, physical or geographical decentralisation refers to dispersion of an organisation's operations throughout the country The functional decentralisation refers to dispersion of organisation functions into separate autonomous units, for example, production, marketing, finance, etc However, both these classifications of centralisation or decentralisation are merely descriptive and not analytical. Therefore, the terms are used with certain prefixes like geographical decentralisation or functional decentralisation It is the degree of delegation of authority that conveys the meaning of centralisation or decentralisation in management, though in this case too, people prefer that these terms should be used along with 'of authority' to make them more clear and explicit such as 'centralisation of authority' or 'decentralisation of authority'.

When centralisation and decentralisation are used in the context of degree of authority at various levels and associated management practices, they denote different degrees of delegation of authority For example, Allen has defined both the terms as follows :

"Centralisation is the systematic and consistent reservation of authority at central points within an organisation Decentralisation applies to the

systematic delegation of authority in an organisation-wide-context.[32]

Thus centralisation refers to the reservation of authority at the top level of the organisation and decentralisation refers to systematic delegation of authority in the organisation. However, there can neither be absolute centralisation nor there can be absolute decentralisation. The concepts of centralisation and decentralisation are two extreme points in the matter of distribution of authority in the organisation In between these two exrtreme points, there may be continuum of authority distribution.

Delegation and Decentralisation

Delegation and decentralisation should not be confused because of the tendency of using two terms interchangeably. Though these terms are closely related, decentralisation is much more comprehensive than delegation. Thus both these terms should be used differently The major difference between delegation and decentralisation may be identified in two ways: first decentralisation is used to mean several types of dispersal other than of authority also, second, even in the context of authority, two terms denote different degrees of authority at various levels and consequent managerial process.

As discussed earlier, decentralisation is used to denote dispersal of physical facilities place-wise or function-wise In these terms, decentralisation means that various facilities are located at different places or have been put for various functions Through geographical or functional dispersal, an organisation tries to achieve its objectives by taking the advantages of different local conditions prevailing at each location or specialising in various functional areas with each area being different than others In such kind of decentralisation, it is not necessary that the authority is also decentralised because many organisations have been able to run the affairs even with centralised authority though the system will work better with decentralised authority.

Even in the case of authority, delegation and decentralisation are different Delegation merely denotes the authorisation of managers at various levels to make decisions Authority at various levels of the organisation is required because managers can fulfil their commitments properly when they have authority commensurate with responsibility. However, sometimes, there may not be parity of authority and responsibility and a manager may have more authority than his responsibility Since decentralisation reflects the dispersal of authority to the ultimate level of the organisation, it can be said to be the result of systematic delegation of authority However, decentralisation goes one step further. In decentralisation, a manager becomes autonomous with the operation of concept of ultimate responsibility Therefore, in a decentralised structure, a manager enjoys autonomy but at the same time, he is held responsible for the contributions of total facilities put under his control Thus besides delegation of authority, there may be other variations in management process in a decentralised structure as compared to that of a centralised structure From

32 Louis A Allen, *Management and Organisation,* New York McGraw-Hill, 1958 pp 157-158

this point, decentralisation suggests a different kind of managerial culture and philosophy than mere delegation though effective delegation of authority is a prerequisite for the success of decentralisation

Factors determining degree of decentralisation

A basic question that arises while designing the organisation structure is : how much to decentralise the authority ? Managers cannot ordinarily be for or against decentralisation of authority They may prefer to delegate authority, or they may like to make all decisions Although the temperament of individual managers affects the extent of authority delegation, other factors also affect it Most of these factors may be beyond the control of individual managers Such factors are of the following types

1. *Size of Organisation*. Decentralisation depends on the size of the organisation The larger the size of an organisation, the more urgent is the need for decentralisation In a large organisation, more decisions are to be made at more places. In such cases, it becomes difficult to coordinate them These complexities of the large organisation may require major issues to be passed down the line for discussion Managers at various levels are to be consulted This process may take sufficiently long time resulting into slow decision-making Slow decision-making may be quite costly to the organisation Therefore, to minimise the cost, authority should be decentralised whenever feasible The costs of large size may be reduced by organising the organisation into a number of units. Considerable increases in efficiency are likely to result from making the unit small enough for its top executives to be near the point where decisions are made. This makes possible speedy decisions, keeps managers from spending time coordinating their decisions with many others, reduces the amount of paper work, and improves the quality of decisions by reducing their magnitude to manageable proportions

2. *History of the Organisation* Decentralisation of authority depends on the way the organisation has been built up over the period of time Normally those organisations which expand from within or expand under the direction of the owner-founder show a marked tendency to keep authority centralised. This is the reason why organisations belonging to many industrial houses have been designed on centralised basis On the other hand, organisations that present amalgamations and consolidations are likely to show a definite tendency to retain decentralised authority specially if the acquired unit is operating profitably. Moreover, the management process and pattern of acquired organisation, once independent one, cannot be changed immediately so as to centralise the authority. Therefore, at least for some time, the acquired unit will enjoy considerable autonomy.

3. *Management Philosophy* The management philosophy of top level managers has considerable influence on the extent to which authority is decentralised In fact, decentralisation is a kind of management philosophy to regulate organisational process including decision-making. In many cases, top managers may see decentralisation as a way of organisational life that takes advantages of the innate desire of people to create, to be free, or to have status They may find in it a means to harness the desired freedom to economic efficiency. On the other hand, many top managers may keep authority with

them not merely to gratify a desire for their status or power but because they simply cannot give up activities and authorities they enjoyed before they reached the top or before the organisation expanded from a small one.

4. *Availability of Managers.* Availability of managers directly affects the degree of decentralisation because exercise of authority requires competence on the part of those who exercise authority. If better quality managers are available, there is more chance for decentralisation because of two reasons First, these managers can handle the problems of decentralised units effectively. Second, such managers have higher need for degree of autonomy which is possible in decentralised structure only Moreover, decentralisation also works as training ground for managers which increases the ability of good managers.

5 *Pattern of Planning.* Planning is usually the most crucial management function in thinking about decentralisation Other functions of management, namely organising, staffing, directing and controlling, are also important but assigning those activities to managers at various levels typically depends on how planning duties have been allocated and the extent to which planning activities have been undertaken Allocation of planning activities may be subject-wise and type of plan-wise, that what subjects can be decided at what level and what type of plan can be formulated at what level. In the organisation having carefully drawn standing plans, the chance for decentralisation is high because managers can make decisions within the context of those plans without referring the matters under decisions upward Similarly if they have been made party to the planning process, other functions which are to be performed within the context of planning process, can be easily decentralised

6 *Control Technique* Development and use of control techniques affect the degree of decentralisation by ensuring whether the performance at various levels and points of the organisations is in line with planning Higher the degree of development and use of control techniques, better is the prospect for decentralisation. In fact, improvements in statistical devices, accounting control, and other techniques have helped make possible the current trend towards decentralisation In the absence of adequate control techniques, either there is less chance for decentralisation or it may not work properly.

7. *Decentralised Activities.* In many cases, decentralisation of authority becomes necessary because there is decentralisation based on other factors like economies of division of labour, the opportunities for using physical facilities at various locations, and the nature of work For example, the activities of banking, insurance and transport organisations have to be decentralised Although this kind of decentralisation may be geographic or physical in nature, it influences the decentralisation of authority In fact, some organisations with diverse locations may form local board of directors For example, State Bank of India operates on the basis of local board of directors with each zone having its own board of directors

8 *Rate of Change in Organisation* The rate of change in the organisation also affects the degree to which authority may be decentralised If the business of the organisation is fast developing and it is facing the problems of expansion, there is more chance that authority will be decentralised because in

this case, top managers will have to share disproportionate decision-making and consequently overburdened This problem can be overcome by delegating authority at the lower levels As against this, in old, well established, or slow-moving organisations, there is a natural tendency to centralise authority because few major decisions are made and, in most cases, decisions are programmed requiring insignificant amount of analysis and time

9 *Environmental Influences* Besides the various factors discussed so far which are mostly internal to the organisation, there are environmental influences also which determine the degree of decentralisation Among the most important environmental forces are the government regulations over the private business and leave very little scope for the use of discretionary power of the managers For example, business covered by administered prices like fertilisers, cement, etc requires less time of managers in determining the price structure and sometimes even distribution pattern Thus even marketing functions throughout the country may be centralised Moreover, since top management itself does not have authority over these aspects, there is no question of its delegation

Rationale of Centralisation

Centralisation, as discussed earlier, is the systematic and consistent reservation of authority at central points within the organisation This results into a number of benefits in the organisation

1. Centralisation provides opportunity for personal leadership
2. It facilitates integration of efforts
3. Quick decisions are possible, hence emergencies can be handled very easily
4. It makes communication and control easier in the organisation
5. It helps in reducing wastage of efforts by avoiding duplication.
6. There is uniformity in actions throughout the organisation, and thus, coordination can be achieved easily.

Centralisation is quite suitable for smaller organisations, organisations producing single or homogeneous products, and operating in limited geographical areas However, when organisations increase in size and diversify, the benefits of centralisation turn into limitations which affect the operational efficiency of the organisations In such organisations, decision-making becomes quite complex but at the same faster decision is required. This is not possible in centralisation. Therefore, its alternative, that is, decentralisation, is preferable

Rationale of Decentralisation

Decentralisation has become the prevailing philosophy for organising activities on the part of large organisations Experiences show that many organisations which were centralised and working efficiently at one point of time have adopted decentralisation because they were not able to cope with the situation under old system Decentralisation offers the following benefits

1. It reduces burden of the top management so that it can focus more attention on strategic management
2. It facilitates growth and diversification in the organisation

3 It is good philosophy to motivate managers

4. It encourages development of managers by providing them opportunities to shoulder more responsibility

5 It emphasises on horizontal growth of the organisation thereby reducing the number of management levels and increasing the span of management

6. It pinpoints more accurately on the results to be achieved by each unit of the organisation by making various units autonomous

Decentralisation is useful basically to large organisations with multiple products or operating in different geographical locations. Further if the organisation is growing rapidly and working in dynamic environment, decentralisation is the best philosophy to achieve positive results However, it does not mean that decentralisation offers all positive things as compared to centralisation In fact, there are many problems in decentralisation Some of the major problems of decentralisation are of the following nature :

1. If not followed properly, decentralisation will create chaos in the organisation in the absence of proper control.

2 It tends to increase costs by making most units autonomous for facilities

3 In decentralised structure, there is more need for good managers Unless these managers are available, decentralisation cannot be effective

4. Decentralisation requires high degree of self-motivation and self-control because of autonomy given to managers.

These problems, however, are not inherent to decentralisation but emerge because it is not followed properly Looking into the role of decentralisation for managing large and diversified organisations which are to be more in number in modern society, some efforts should be made to make decentralisation effective

Making Decentralisation Effective

Whether to decentralise or not depends on various factors described earlier However, when organisation chooses for decentralisation to take its benefits, it has to make some efforts to reap its advantages. Following are some measures which make decentralisation more effective

1 *Centralised Top Policy and Control* Though it appears to be contradictory, for decentralisation to become effective, there should be appropriate centralisation particularly in the context of policy formulation This ensures the integration of various parts of the organisation into a unitary whole The concept of centralised policy formulation and control in decentralised structure has been generated out of the management practices of General Motors of U S.A during the tenure of Alfred Sloan The system has been described as 'centralised control with decentralised responsibilities' or 'decentralised operations and responsibilities with coordinated control' In fact, this approach is followed by many large and diversified Indian organisations like, D C M Limited, Century Spinning and Weaving Mills Limited, Gwalior Rayon Limited, and so on The centralised policy and control, however, should be limited to certain basic and important activities

affecting the functioning of entire organisation. Such areas may be functioning pattern, dividend distribution, etc.

To make decentralisation effective, centralised control is also necessary so that headquarter people know where their various units are going. This control is mostly related with overall performance of a unit rather than interference in day-to-day operations of the unit. Thus operational control is within the domain of unit managers. Thus each unit enjoys considerable autonomy within the context of overall organisational policy To make control effective, there is a need for developing appropriate control and reporting techniques

2. *Appreciation of Concept of Decentralisation* A major problem before decentralisation and its working is that managers do not really understand and appreciate the philosophy of decentralisation and, therefore, they are ready to practise it as organisational philosophy. This concept is based on the premise that considerable autonomy will be given to various units within the framework of the organisation. However, problems come while determining the framework. Top-level managers may see it as providing adequate control on various units so that they dance to their tune while unit managers may feel that they are free to do whatever they like Such a feeling may create confusion and tension between corporate level managers and unit managers. Therefore, there is a need for developing a proper climate in which decentralisation is taken in right perspective. Therefore, leadership role of top managers is quite important. Unit managers should be given free hand in operational matters and must be held responsible for final results They should be given adequate compensation in the form of security of job, promotion, and other benefits based on their performance.

3. *Development of Managers* The success of decentralisation depends on the quality of managers who hold various positions Though it can be said that better quality managers are always needed whatever the structure is adopted and they will show good result. It may be true but only good managers cannot turn the results unless their abilities and potentialities are utilised properly. Decentralisation provides this opportunity At the same time, however, decentralisation required more managers of good quality. Since these managers cannot always be recruited from outside, there is an urgent need for developing managers from within. Therefore, transformation from centralisation to decentralisation should be a gradual process so that there is no vacuum in the organisation in respect of managers.

4. *Competition among Units* Since various units of decentralised organisation work independently, there should be proper competition among these units One of the basic problems in large organisation is that unit managers tend to assume protected monopoly position and may develop complacency unless their performance is measured objectively and independently. Thus what one department produces will be used by another department irrespective of cost or quality Thus inefficiency of one department may be passed on to another department This problem may be overcome by introducing the element of competition in which the contribution of each department is to be measured in terms of market price or quality. This

will create consciousness among unit and department managers. Similarly where various units produce goods which are not used internally, competition may be generated in terms of overall contributions of the unit to the department and suitable incentive package may be adopted to reward highly efficient units.

DISCUSSION QUESTIONS

1 Why is formal organisation necessary for the performance of complex and diverse tasks ?

2 Give elements of a sound plan for organisation structure.

3 What are the basic considerations to be kept in view while designing the organisation structure of a large company ?

4 'Organisation structure refers to the differentiation and integration of activities and authority roles and relationships ' Explain.

5 What are the various bases of departmentation ? How will you decide departmentation for a large manufacturing concern ?

6 You have been requested to design the organisation structure of a banking company with a large number of branch offices Give your recommendations with justification

7 What do you mean by span of management ? As a manager, will you prefer a narrow or wide span ? Give reasons

8 Is there any fixed number of subordinates which can be put under one manager Discuss the factors that should be considered while fixing such number

9 What is meant by effective delegation ? What are the steps to be taken to make delegation effective ?

10 No manager and no company can function effectively without delegation Why ? Give a logical explanation Is it desirable to provide for informal delegation in an organisation ?

11 Describe the state of delegation of authority in an Indian organisation

12 Distinguish between delegation and decentralisation State the conditions that should be met before an organisation can be successfully decentralised

13 'Decentralisation develops men faster than centralisation It adds to the vitality of the organisation ' Critically examine the validity of this statement

14 'Absolute decentralisation is as hypothetical as absolute centralisation ' Explain

15 A steel producing corporation decides to diversify its activities and undertake production of automobiles The chief executive seeks your advice on whether to group the activities primarily by product or by function ? What advice would you tender and why ?

21

Forms of Organisation Structure

Theme

- To understand various forms of organisation structure
- To make each form of organisation structure more effective
- To analyse their relative merits, demerits, and suitability in various conditions

Designing of an organisation structure is ordinarily considered to be a matter of choice among a large number of alternatives There are various types of organisation structures , however, not all of them are suitable for all situations Their suitability depends upon a variety of factors · environment, technology, size, and people (as discussed in Chapter 19) A manager can adopt a suitable structure for his organisation if he is sufficiently aware of the various alternatives available to him as well as the pros and cons of each alternative

The classification of structures is based on how the authority relationships are prescribed, how the departmentation is carried on, and what is the degree of responsibility associated what various positions in the organisation From this point of view, usually four types of organisation structure are found in large organisations. These are line-staff, functional, divisionalisation, project, and matrix. Behavioural scientists have emphasised that in order to meet human needs properly, another form of organisation, which does not emphasise any structured authority relationships, is required This form of organisation structure has been referred to as 'free-form organisation' Besides there might be some other forms of organisation structures suitable for smaller organisations For example, there may be line organisation structure which may be suitable only for small organisations Larger organisations cannot carry their work properly through this structure because in large organisations some sort of specialisation is required which is not possible through line organisation Moreover, within an organisation, some sort of temporary arrangement may also be found, committees and task for example, which have quite different patterns of authority. It may, however, be mentioned that in actual practice, hybrid type of structure is followed

LINE AND STAFF ORGANISATION STRUCTURE

Line and staff organisation refers to a pattern in which staff specialists advise line managers to perform their duties When the work of an executive increases, its performance requires the services of specialists which he himself cannot provide because of his limited capabilities on various issues In actual practice, however, it is difficult to determine which departments are line or staff The problem is usually solved by classifying activities within an organisation into two types · (i) that which is substantive (direct) in its contributions to the organisation's overall objectives, and (ii) that which is objective (indirect) in its contributions The departments performing first type of activities are

line ones and those performing latter type of activities are staff departments. Because of these two types of departments, there can be two types of authority in the organisation : line authority and staff authority. Different types of relationships, thus, exist in the organisation. If the classification of activities is taken at departmental levels, this type of relationships may be found among various positions within various departments.

Line Relationship

Line managers have a clearly defined role to play in the organisation which requires understanding of the nature of line authority and of the line relationship. In the organising process, starting from the top, the activities are assigned to individuals making them responsible for the proper performance of the activities. Authority is delegated to these individuals to perform the functions. These individuals, in turn, assign some of the activities to persons below them in the hierarchy. This process of assigning activities and delegating authority creates superior-subordinate relationships throughout the organisation. The direct relationship between a superior and his subordinates is created by the force of line authority and this relationship is called as line relationship. Such relationships exist in line as well as in staff departments. This relationship works as follows :

1. *As a Chain of Command.* A command relationship exists between each superior and subordinate. The superior has the authority of giving orders and subordinate has to obey these orders. Every superior is in a line relationship, the subordinate in a staff relationship to his principal

2. *As a Chain of Communication.* The line can be treated as a means of communication between members of the organisation. Communication, up and down in the organisation, flows through the line relationship Chester Barnard considers line as a chain of communication He points out that the line should be clearly established and that every member of the organisation should be tied into the system of communication by having someone to report to and others to report to him [1]

3. *As a Carrier of Accountability.* The line is a carrier of accountability, that is, each superior is accountable even for the activities assigned by him to his subordinates. Though the process of assigning activities goes on till the level where actual work is performed by operatives, each individual in the line is accountable for the proper performance of the activities assigned to him

Staff Relationship

The nature of staff relationship is purely advisory. Though the staff personnel exercise line authority over the subordinates of their own department, they do not have any other line authority. They provide advice, assistance, and information upwards, and it depends upon the line manager where these are put into action or not Thus, accepting of an advice from a staff officer by a line manager is obligatory. However, since the staff personnel are specialists in their area, there is a likelihood that their advice gets acceptance by line personnel and is put into action This gives additional weight to staff

1 Chester I Barnard *The Function of the Executive,* Cambridge Harvard University Press, 1983

personnel The staff authority flows upwards An advice tendered to a line manager becomes order, obligatory to be obeyed, if he exercises line authority over his subordinate for putting the advice into action. The relationship is clear from Fig. 21.1

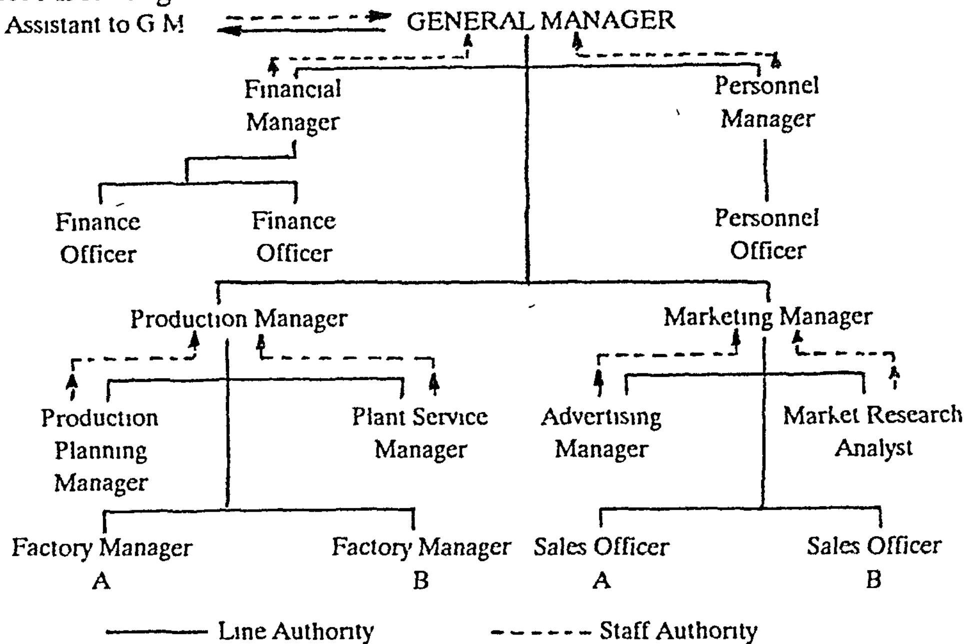


Fig 21 1 Line and staff organisation structure

Organisational arrangements of line and staff positions are shown in Fig. 21 1 The line authority flows downward and staff authority flows upward. The general manager exercises the authority over his subordinates -- all the functional managers both heading line and staff departments Staff managers tender him advice about the problems in their respective areas to the general manager who gives order to his subordinates concerned to put advice into action. However, staff manager (*e g*, personnel manager) has line authority over his subordinate (personnel officer)

Line and Staff Conflict

Line and staff structure is based on the assumption that they will support each other and work harmoniously to achieve organisational objectives However, there are frequent instances of friction and conflict between them Though placing of organisation groups into categories of line and staff creates opportunity for conflict because of the way the individual perceives his role, there are various factors leading to such conflicts

1. Line managers often have the complaints about the staff personnel on the following lines ·

(*i*) Line managers tend to be suspicious of staff personnel, who advise a course of action but do not bear. the direct responsibility for seeing it implemented There is tendency of staff to assume credit for programmes that are successful and to lay the blame on line when they are not

(*ii*) Line managers feel that staff personnel encroach upon their normal authority. When a staff man encroaches upon the authority of a line manager, the result may be resentment, hostility, and open or inner reluctance to follow staff advice and recommendation

(*iii*) Staff people fail to give fully considered, well balanced, and sound advice. They are more academic and less practical Since, they are not responsible for end results many times, they give new ideas without much practical applicability. They emphasise about their area of speciality rather than emphasising the interest of the entire organisation

(*iv*) Staff personnel tend to impose their superiority on line managers. It is true that staff personnel are generally more educated and specialists in their areas, line managers often resent when superiority is imposed upon them

2. Similarly, staff personnel also have complaints against the line managers. These usually centre round the following :

(*i*) Staff people claim that managers do not make proper use of staff advice. Many specialists feel that they should be consulted during the planning stages of a programme that involves their own area of speciality. This enables them to anticipate problems and to recommend precautionary measures. As against this, line managers consult them only as a last resort

(*ii*) Line managers generally resist new ideas, while the staff people are more anxious about new thinking and innovations As such, attempts of staff people on these lines go in waste.

(*iii*) Staff people feel that line managers do not give enough authority. Many specialists feel that if they have the best solution of a problem, they should have authority on line managers to force the solution.

3. Apart from the complaints of line and staff against each other, there are some other factors which lead to conflict between them :

(*i*) The elements of demarcation between line and staff authority are rarely clear. When a line manager follows the recommendation of a staff official, the legal authority may be his, but the judgment is that of staff official. Many jobs in line and staff defy descriptions and relationships between them are not clarified. In such cases, there is a possibility for overlaps and gaps in authority and responsibility which can aggravate personal relationships.

(*ii*) Line people may not know how to use staff properly. If line managers employ staff people for minute work in order to keep them busy, there will be resentment. Conversely, if the staff's advice is not sought, they can feel unneeded and indifferent. This does not mean that line official should always accept the advice of staff before taking any action This mandatory consultation is often called principle of compulsory staff service

(*iii*) People may fail to understand the exact nature of staff and functional authority which often leads to conflict between line and staff. Both

the staff may fail to recognise that authority is a function of organisational positions that they hold as well as of such thing as knowledge, ability to build alliance, reciprocity, and other *de facto* sources

Making Staff Work Properly

Line and staff should work together as a team to enhance the smooth functioning of the organisation. A certain amount of conflict between them is inevitable and even desirable. However, in most cases, the problem of conflict is not only one of the most difficult that organisations face, but it is also the source of an extraordinarily large amount of inefficiency. Therefore, the question is : How staff can do a better job in terms of these relationships ? Following points may facilitate and improve line and staff relationships :

1. *Understanding Authority Relationships.* The answer to better teamwork between line and staff is an understanding of their basic relationships. In this context, the following relationships should be observed :

(i) Line people have the ultimate responsibility for the successful operation of the organisation. Therefore, they are responsible for operating decisions

(ii) Staff people contribute to achieve organisational objectives by providing advice and services to line elements.

(iii) The solicitation of advice and acceptance of suggestions is usually at the option of the line organisation. However, staff also is responsible for offering advice and services when these are not requested, but where staff believes these are needed.

(iv) Line is responsible for giving serious consideration to advice and service given by staff and should follow the recommendations if they are in the best interest of the organisation.

(v) Line managers should be encouraged or forced to consult with staff assistance. However, the better way is that staff sells its ideas to line.

2. *Making Proper Use of Staff.* The effectiveness of a line manager depends to a large extent upon how he makes use of staff. For this purpose, a line manager can observe the following points :

(i) Line manager should make maximum use of staff. The more the line man makes the use of staff, the better acquainted specialists will become with his problem and his way of working.

(ii) There should be proper use of staff. If the staff is given some unimportant matter simply to keep him busy, it does not serve any meaningful purpose.

(iii) Line managers frequently take action directly affecting staff activities without informing the staff people concerned. This often presents problems As such, the staff people should be adequately informed whether the action has been taken on their recommendation

(iv) There should be encouragement and education to line managers to use staff effectively A line manager cannot use staff effectively unless he knows what a specialist can do for him In this respect, staff man has a responsibility of letting line know what he can do for him.

3. *Completed Staff Work.* Completed staff work implies the presentation of a clear recommendation based upon full consideration of a problem, clearance with persons affected, and suggestions about any difficulty involved. The recommendations should be complete enough to make possible a simple positive or negative response by the line manager. The staff should be a problem solver not a problem creator.

4. *Recognition and Overcoming Resistance to Change* Many times, line managers hesitate to accept a recommendation from staff people because of psychological factor of resistance to change. A recommendation may change relationship as well as the way of working The important factors underlying the resistance to change should be analysed and proper action should be taken The affected people are more likely to accept change, if this is tied in as closely as possible with their personal goals and interest and their jobs ; they are consulted before introducing change , and they are informed about the results of the change Here, staff people have responsibility for doing all this

5. *Line and Staff as Organisational Way of Life.* Understanding line and staff authority lays the foundation for an organisational way of life Staff is a necessity for taking the advantages of specialisation. When such staff is used, there is a need for developing and maintaining a climate of favourable personal relations. Staff people, instead of encroaching the line authority, must convince the line people to sell their ideas. The success of staff people depends upon how effectively they sell their ideas in the organisation. Similarly, line managers should also recognise the importance of staff people. They should have a feeling that staff people are there to help in attaining organisational objectives. Such a feeling encourages a better relationship between line and staff.

FUNCTIONAL ORGANISATION STRUCTURE

Functional organisation is, perhaps, the most widely used one in medium and large organisations. This is a traditional concept of organising As discussed earlier, for creating functional organisation, the basis of departmentation is the various functions to be performed by the organisation. For such a purpose, basic and secondary functions of the organisation are identified ; the basis of such a classification being the importance of functions in achieving organisational objectives. The executives specialising in a particular area of management problems issue orders throughout the organisation with respect to function in question. Thus, an individual in the organisation receives instructions from several heads There is another form of functional organisation which is complete and consists of a number of branches, each of which has staff specialists. The organisation becomes functional when these staff specialists, in part, are responsible to their counterparts at the headquarters. Along with this a central line organisation also exists, where branch specialists also report to the line official in that branch Thus, an individual may have dual reporting liability.

Functional Relationship

In actual practice, the role of staff personnel does not remain purely advisory, but they exercise some authority over other departments. Some staff personnel become more influential than some line managers. As such, the

organisations delegate these personnel some more authority than what staff personnel enjoy. They are given functional authority which is the real content of functional organisation.

Functional authority is the legitimate right to act with respect to specific activities, processes, practices, and policies in the organisation. The need for such delegation emanates from the extreme degree of division of labour -- the assignment of persons or groups to specialised tasks. If the principle of unity of command is to be followed rigidly, authority over these activities would be exercised by line managers, but because of several factors, such as, lack of special knowledge, lack of ability to supervise processes, and short, circuiting communication channel, they are allowed to exercise this authority. Thus, delegation of functional authority results in certain line managers being deprived of some of their authority Functional authority is not limited to managers of a particular type of department, but it may be exercised by line, staff or service departments, more often the latter two because they usually comprise functional specialists

Functional authority arises because of three factors :

1. Generally, a superior delegates authority to the staff man to transmit information, proposal, and advice directly to his subordinates. The basic purpose of such delegation is to save time and expedite the spread of information.

2. Another form of functional authority arises in those cases where a staff man not only advises or transmits information, but also shows the line managers as how the information should be used or how the recommendations should be put into effect

3. Sometimes, staff personnel are given authority to prescribe processes, procedures, methods or even policy to be followed in various departments, either line or staff. For example, the head of accounting department may prescribe as how the accounts should be maintained by various departments Functional authority is as binding as line authority, but it does not carry the right to discipline for violation in order to enforce compliance This authority to issue orders pertains to a single function, or to a limited number of functions in which the subject department is authorised to act

Functional authority can be regarded as a part of the authority of line superior. For example, the chief executive has the authority to manage the organisation. To take the advantage of specialisation, he may have managers for personnel, accounting, legal matters, public relations, etc. In purely staff capacity, these managers offer advice to the chief executive, but they may be delegated some authority by him to issue instructions directly to line managers Likewise, the various line managers and their subordinate managers can themselves set up staff assistance with functional authority. Thus, functional structure is characterised by the following :

1. Specialisation by functions,
2. Emphasis on subgoals,
3. Pyramidal growth of the organisation,
4. Line and staff division,
5. Functional authority relationships among various departments,
6. Limited span of management and tall structure.

The organisation chart of functional structure can be presented as follows :

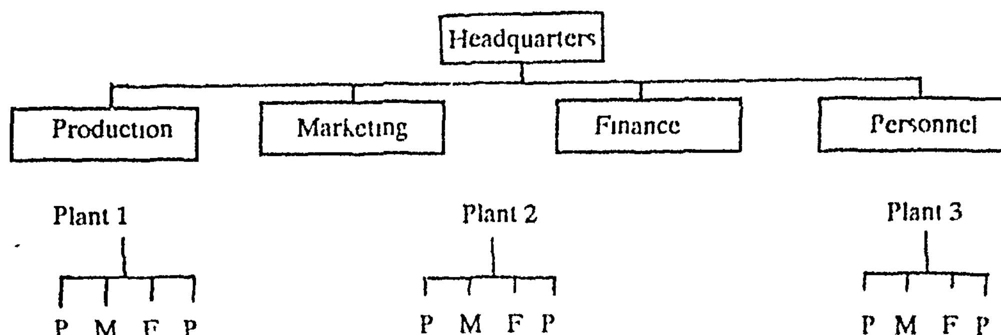


Fig 21 2 Functional organisation structure

Suitability of Functional Structure

Functional structure has certain potential advantages and disadvantages. Whether or not these advantages are realised depends on the specific organisation's situation The establishment of a functional organisation becomes necessary as a small organisation grows and business activities become more and more complex In such a situation, there is a need for more formalised and systematic approach to major activities and for increased delegation of authority of decision-making throughout the organisation However, top management will continue to control decisions that involve strategic and coordinative variables The functional structure works better if the organisation has one major product or similar product lines. In such a case, the organisation may take the following benefits.

1. Functional structure can result into high degree of specialisation because a unit or department is concerned only with one aspect of total activities Thus the organisation can employ greater variety of skills.

2. Functional structure brings order and clarity in the organisation by prescribing what one is expected to do. Everyone understands his job clearly which adds to efficiency

3. It promotes professional achievement as a person is restricted to his own area of specialisation. Thus it provides satisfaction to specialists.

4 There is economy in the use of organisational resources because various units of the organisation use the centralised resources of a kind. Thus there is no duplication of activities and processes which save resources.

5. There is high degree of control and coordination of functions because all work of one kind is under one manager. Also there is a clear chain of command for communication and authoritative decisions. However, from total organisation's point of view, this poses problems in control and coordination

Problems of Functional Structure

The relative advantages of functional structure are like two-edged swords; they can cut both ways In some circumstances, they can lead to disadvantages For example, specialisation may lead to parochialism and goal displacement, or control and coordination may lead to overload for a manager Therefore, if there is too much emphasis on any aspect, there may be dysfunctional behaviour of that aspect The functional structure is not

suitable to an organisation which takes up diversification, as the new activity may be quite different than the activities being performed by the organisation Thus diversification cannot be managed properly within the context of functional structure, or at least at some level, there may be violation of functional structure. In such a situation. functional structure presents following problems :

1 Responsibility for ultimate performance cannot be fixed in functional structure because no one is responsible for product cost and profit. Each department focuses on its contribution to the product, but not the entire product Only top man is pulling everything together. Not only does this place the burden of control and coordination for the operations at the top, where the emphasis should be on longer range problems but it makes judging the performance of each department difficult

2 Functional structure essentially generates slow decision-making process because the problem requiring a decision has to go to various departments as all of them have something to say on the matter. As against this, complex and markedly different activities require faster decision making because time factor is of prime importance.

3 Functional structure lacks responsiveness necessary to cope up with new and rapidly changing work requirements For example, if the organisation decides to add some new business, there is question mark as how to add this because it may mean a new functional structure as the new business cannot be easily absorbed by old functional structure.

4 Functional structure offers usually line and staff conflict and interdepartmental conflict. The heightened degree of such a conflict becomes detrimental to organisational efficiency.

DIVISIONAL ORGANISATION STRUCTURE

The second basic structural form employed by organisations is the divisional structure. While growth through expansion of same line of business forces a small organisation to organise on functional basis, growth through geographic and product diversification necessitates the adoption of divisional structure. In India, many companies have diversified into unrelated businesses and have found functional structure quite unsuitable for them For example, companies like D C M Limited, Voltas Limited, Century Spinning Mills, Gwalior Rayon, etc., adopt divisional structure

Divisional structure, also called profit decentralisation by Newman and others,[2] is built around business units In this form, the organisation is divided into several fairly autonomous units Each unit is relatively self-contained in that it has the resources to operate independently of other divisions For example, each division has its own manufacturing, engineering, marketing, etc. Each unit is headed by a manager who is responsible for the organisation's investment in facilities, capital, and people as well as for unit's development and performance. Divisional structure is similar to dividing an organisation into several smaller organisations but it is not quite

2 William H Newman Charles E. Summer, and E Kirby Warren, *The Process of Management*, New Delhi Prentice-Hall, 1973, pp 56-60

the same, since each smaller organisation is not completely independent. Each unit is not a separate legal entity, it is still part of the organisation. Each unit is directly accountable to the organisation.

Issues in Divisional Structure Design

In designing divisional structure, there are several issues which should be adequately taken care of These are : determination of basis of divisionalisation, number of divisions, provisions of corporate staff activities, and relationship between corporate and divisional management.

1. **Basis of Divisionalisation.** The first basic issue in divisional structure is the determination of basis on which various divisions will be created Ideally speaking, divisions should be created to focus the business of the organisation Normally organisations adopt either product or territory as the basis of divisionalisation at the top level. These may be supplemented by other characteristics also such as types of customers or processes at the lower levels. Recently many organisations have created divisions on the basis of strategic units.

(i) Product Divisionalisation. In this form each major product or product line is organised as a separate unit Each unit has its own functional structure for various activities necessary for the product Multi-product organisations use this as basis for divisionalisation This is appropriate specially when each product is relatively complex and a great deal of capital is required for each product. The product requires different type of efforts as compared to others in terms of marketing and/or production. For example, Century Mills has separate divisions for textiles, cement, and shipping.

(ii) Territorial Divisionalisation In this form, regional offices are established as separate units. Each regional office has its own set of functional departments and operate under the strategic policies and guidelines established by corporate management This is useful for those organisations whose activities are geographically spread such as banking, transport, insurance, etc.

(iii) Strategic Business Divisionalisation In this form, the organisation is divided into units on the basis of strategically identified business portfolio rather than on the basis of product or market segment. A strategic business unit is a division of the organisation which serves distinct product/market whose strategic actions are designed separately within the overall framework of the organisation's strategy. Thus the business activities requiring different strategies will be grouped into separate unit. For the first time, this concept was applied in General Electric Corporation of U.S A. in 1971 when the various divisions were reorganised around strategic business units and forty eight divisions were regrouped into forty-three divisions Similarly, three separate divisions of food preparation were grouped into one houseware

2. *Number of Divisions* Determination of number of divisions is quite related with the problem of basis of divisionalisation. The basic guiding principle in this context is that a separate division should be able to generate revenue enough to contribute to organisational objectives after meeting its expenses. The number of divisions will be determined on the basis of diversity in the base which has been selected for divisionalisation. Thus higher the

diversity, more will be number of divisions. However, apart from this, cost factor should also be taken into account.

3. *Provisions of Corporate Staff Activities* The provisions should be made for corporate staff activities because regardless of the degree of divisionalisation, certain activities are likely to be centralised as part of corporate staff. The basic problem in this context is what activities should be retained at the corporate level to make maximum use of resources. Some activities which can be shared easily by all divisions can be centralised at the corporate level like legal activities, research and development, etc. Further, some activities which may not fall within the purview of any division can be taken at the corporate level, for example, company law matters, determination of distribution pattern of earnings, etc.

4. *Relationship Between Corporate and Divisional Management* The relationship between corporate and divisional management will depend on the degree of autonomy granted to divisions On the one hand, strong corporate management may be constantly involved in divisional affairs, on the other hand, divisions may be allowed to operate independently only being monitored through control system The resolution of this dilemma depends on the respective corporate and divisional strategies and working and the abilities of corporate and divisional managers

Organisation chart of a divisional structure will appear as in figure 21 3 At the corporate level, some departments will be created to look after the activities which do not strictly fall within the purview of any division These departments often provide services to divisional management.

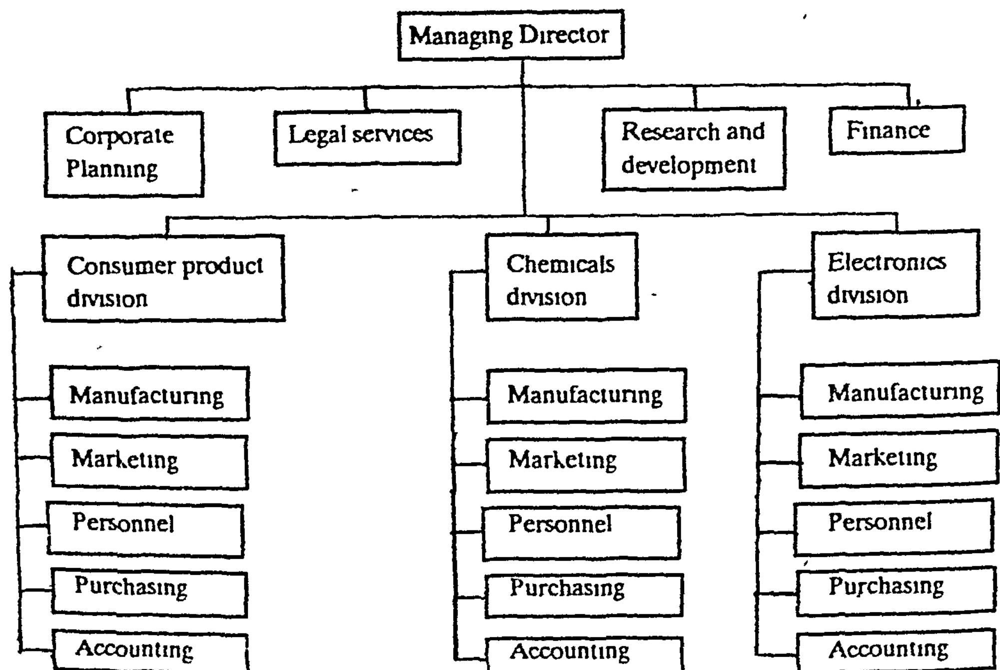


Fig 21 3 Divisional structure

Suitability of Divisional Structure

Divisional structure is suitable to organisations having several products with each product having distinct features, or for organisations having coverage of wide geographical area, or having distinct market segments. Dividing the organisation into several autonomous divisions allows it many of the advantages of functional structure At the same time, it makes available certain additional advantages, particularly of following types.

1. Divisional structure emphasises on the end result, that is, on product, or customer through which revenue is generated in the organisation.

2. Since a division focuses its attention on a particular product or service, its performance measurement is easier as the performance can be measured in the light of contributions made by the division.

3. There is higher level of managerial motivation because managers work in the environment of autonomy

4. Through divisional structure, more managers with general outlook can be developed who can easily take up the job at the corporate level. Thus there is no problem in managerial succession.

5. Organisational size can be increased without any problem as new divisions can be opened without disturbing the existing system.

6 Each product or customer is able to get specialised service because the attention is focused by a division exclusively for it

Problems in Divisional Structure

There are certain disadvantages and problems of divisional structure. Some of these problems are inherent in the system while others emerge because of wrong approach of management. Following are the major shortcomings of divisional structure.

1. Divisional structure is quite costly because all the facilities have to be arranged for each division. Therefore, unless a division justifies its cost, it should not be opened but its activities should be carried out by another division.

2. Since there is lack of emphasis of functional specialisation, many professionals do not feel satisfied with this structure

3. Often there is a lack of managerial personnel when a new division is opened because managers working within a division cannot work with same efficiency in other division as they must have acquired the technical competence of that division.

4. Control system is a major problem of divisionalisation Though each unit is measured in terms of its contributions to the organisation, this system does not work properly specially if information monitoring system is not suitable

Many of these problems can be overcome through sharp focus on tasks and responsibilities of corporate and divisional management, measurement of performance of divisions, long-term policy for performance and incentives, creating more autonomy and decentralisation of authority, and the explicit strategies for both the organisation as a whole and its various divisions

PROJECT ORGANISATION STRUCTURE

The major reform in the traditional functional structure has come from a group of closely related structures having titles such as project management, programme management, systems organisation, product management, brand management, and matrix structure All these have in common that they provide a horizontal grouping together of a number of functions which might otherwise be labelled functional departments and exercising staff and functional authority. Out of these, project organisation structure and matrix organisation structure have become quite popular. The basic idea behind these structures is that since environment changes very rapidly, the organisation must take up various activities on project basis, that is, adding the required ones and deleting the unnecessary ones Thus the organisation can be organic-adaptive one The project work can be managed in two forms of organisation : pure project organisation and matrix organisation. The pure project organisation is suitable for taking small number of larger projects with long duration so that a separate division can be created for each project Matrix organisation, on the other hand, is suitable for taking large number of smaller projects and the activities of various projects can be accomplished through temporary departments.

Project organisation appears very like a divisional structure except that in the latter various divisions are created on permanent basis while in the former, they are created only for the life time of a project When a particular project is completed, the concerned division may disappear However, since a project may continue for quite a long atime, a project may become a sort of permanent feature For example, Middleton observes that "a project organisation can also be the beginning of an organisation cycle The project may become a long term or permanent effort that eventually becomes a programme or branch organisation The latter, in turn, may become separated from the parent organisation and be established as a full-fledged division, functionally organised [3]

The establishment of project organisation calls for appointment of a project manager who is responsible for the completion of the project He coordinates the activities of the project. He prescribes what is to be done, when it is to be done, and how much resources are required. The functional personnel are drawn from various functional departments and functional managers decide who in their department will perform the task and how it will be done Thus project manager is a unifying and focal point for the project activities

A project manager really does not have vertical authority on the personnel drawn from various functional departments unlike a divisional manager who has line authority over the people working in various functional departments assigned to his division. In the absence of any vertical authority, the project manager must convince the functional people so that they help him to finish the undertaking within the time In reality, project manager faces an authority gap He has responsibility for completing the project but does not

3 C I Middleton, 'How to Set up a Project Organisation.' *Harvard Business Review*, March-April 1967, pp 73-82

have direct authority over the people associated with his project. Project organisation structure can be presented as in Fig 21 4.

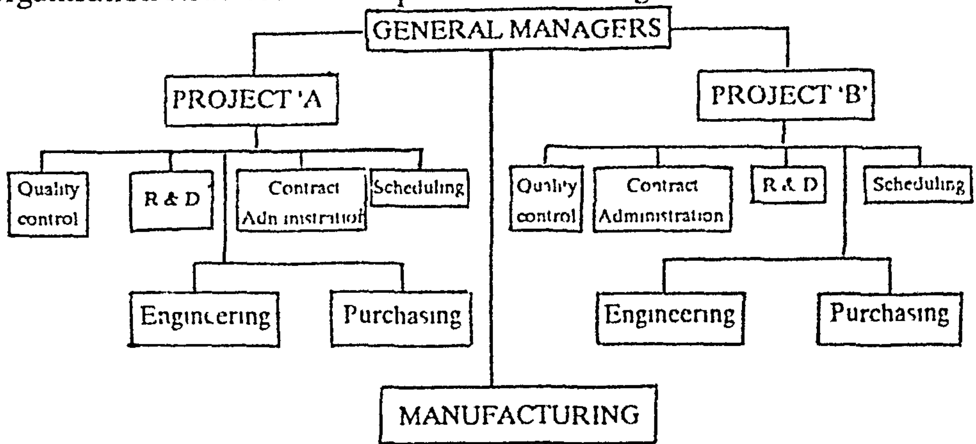


Fig 21 4 Project organisation structure

Suitability of Project Organisation

For activities which are undertaken on project basis, project organisation is the most suitable Such an activity has following features :

1. It is one-time task and is definable in terms of a single, specific goal
2. It is infrequent, unique, and unfamiliar to the present organisation. Unfamiliarity usually leads to a disagreement as to how the activity should be managed
3. It is complex and calls for a high degree of interdependence among the tasks.
4. There is a high degree of stake in the successful completion of the project. The time factor is critical because if the project is not completed within the stipulated time, the organisation may lose heavily because of fine provision due to delay

When project organisation structure is adopted for this type of activity, following advantages emerge

1 Project organisation allows maximum use of specialised knowledge which is available to all projects on equal basis Knowledge and skills can be transferred from one project to another project.

2 It enables the organisation to adapt to environmental demands particularly when environmental factors are fast changing

3. It provides more flexibility for the utilisation of resources in the organisation by allocating them to the projects where these are needed

Problems in Project Organisation

In fact, many of the flexibilities of project organisation may turn into problems if proper arrangement is not made for overcoming these problems A project manager has to face unusual problems resulting from the project management. Following problems are usually experienced in project organisation .

1 Project organisation creates feelings of insecurity and uncertainty

complete responsibility for the tasks as well as all the resources needed for their accomplishment are usually assigned to one project manager In a large project with long life, the project division resembles a regular division, relatively independent of any other division. In matrix organisation project manager is usually not assigned complete responsibility for resources Instead, he shares them with others in the organisation Project organisation is preferred when the organisation has small number of major projects. For projects of major magnitudes, a project type organisation can be established, but rest of the organisation can be managed through functional structure. In such a case, there are well-established functional departments which have skills and capabilities for the performance of a variety of programmes Essentially, programmes flow through the functional complex and receive the services of these specialised departments. Matrix organisation structure, on the other hand, is applied when the organisation has large number of smaller projects so that when one project is completed, its resources are directed to other projects

Design of Matrix Structure

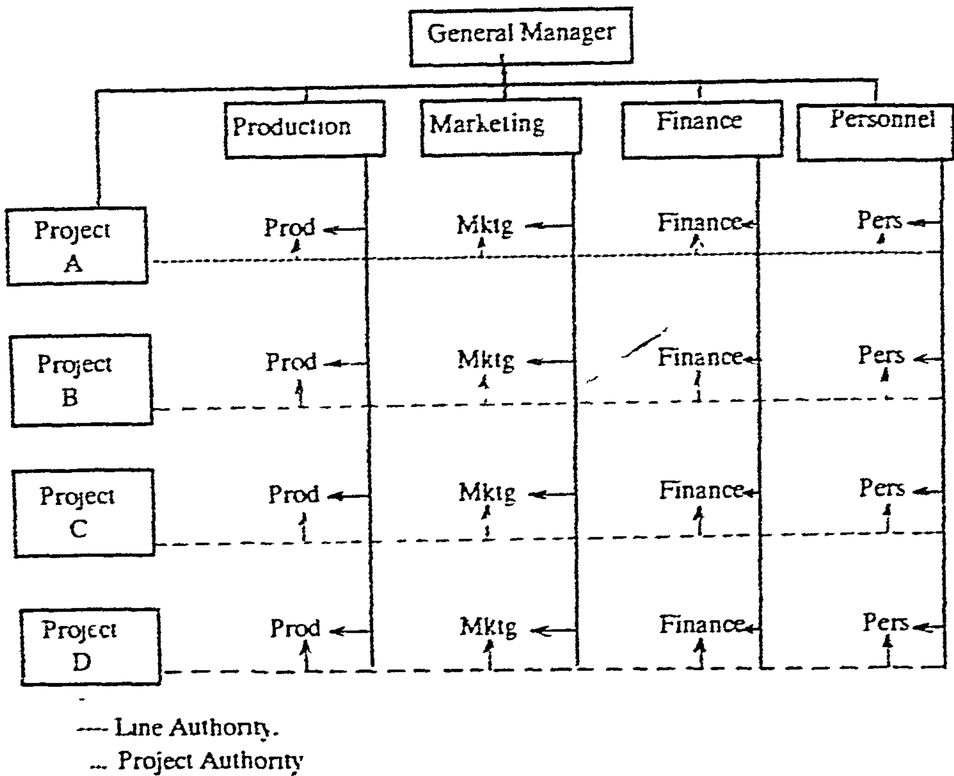
In matrix organisation structure, a project manager is appointed to coordinate the activities of the project. Personnel are drawn from their respective functional departments. Upon completion of the project, these people may return to their original departments for further assignment Thus each functional staff has two bosses--his administrative head and his project manager. During his assignment to a project, he works under the coordinative command of the project manager and he may be called upon by his permanent superior to perform certain services needed in the project Thus a subordinate in matrix structure may receive instructions from two bosses Therefore, he must coordinate the instructions received from two or even more bosses. Similarly, matrix superior has to share the facilities with others He reports in a direct line to the up, but does not have a complete line of command below. A matrix organisation structure can be presented in Fig 21 5.

Suitability of Matrix Structure

Matrix structure is of recent origin but its use has spread in various fields For example, Davis and Lawrence have observed that matrix structure can be successfully applied to the following types of activities : manufacturing activities--aerospace, chemicals, electronics, heavy equipment, industrial product and pharmaceutical; service activities--banking, brokerage, construction, insurance, and retailing; professional activities -- accounting, advertising, consulting, and law , and non-profit organisations -- government agencies, hospital, United Nations, and universities [6] They emphasise that this list is suggestive and not exhaustive In fact, matrix structure has been evolved to overcome the limitations of traditional organisation structures.

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6 *Ibid*, p 9



---- Line Authority.
... Project Authority

Fig 21 5. Matrix organisation structure

This is being applied to various fields of activities because of pressure for dual focus, pressure for high information processing, and pressure for shared resources. Wherever these conditions exist, use of matrix structure is beneficial Matrix structure results into the following benefits :

1. Matrix structure focuses resources on a single project, permitting better planning and control to meet the project deadline. In project management, time is of prime importance and, therefore, it should be completed within the specified time However, since the organisation cannot create many project divisions, matrix serves the purpose adequately.

2 It is quite a flexible structure as compared to traditional hierarchical structure. Therefore, it can work very well in dynamic environment by absorbing the inevitable that may occur as work progresses on projects.

3. It emphasises on professional competence by elaborating authority of knowledge rather than authority of position. This type of internal environment in the organisation provides personnel to develop and test their professional competence and widen their scope to contribute maximum in the organisation.

4 It improves motivation because people can focus more directly on completion of one project than they can in the traditional functional structure. It also improves communication by discarding traditional hierarchical system which produces more inhibiting factors.

5 It relieves top management for taking long term course of actions so that the organisation can design its strategies suitable to environmental needs.

Problems in Matrix Structure

Matrix structure has many problems in practice because of its too much flexibility. The major problems of matrix structure are as follows and managers should take adequate precautions to overcome these

1. There is always power struggle in matrix structure The essence of matrix structure is dual command, and to survive such a form, there needs to be balance of power. However, this power balance shifts constantly as people try to maximise their benefits. This results into power struggle among people which may become dysfunctional if top management does not play active role in balancing the power.

2 Matrix structure can develop anarchy if not managed properly People have to work under multiple command Besides, there may be informal relations among people Thus whole concept of flexibility may result into problem because people may not be clear about what they should do; what they are expected to contribute

3. This structure may not work very well when there is economic crunch In the case of economic crunch, the organisation may not be in the same position as there may be many changes in market position, pressure on profit margin, and financial problems. In order to overcome these problems, the organisation may be required to change its strategy which may not correspond to matrix structure For example, decision process has to be centralised in order to arrive at quick decisions to face adversaries.

4 If matrix organisation is not followed properly, there is delay in decision making The decision-making process is such that many persons are involved in the decision; each person may hold veto power or may not give consent because of power struggle and conflict In this situation, top management may remain busy in solving internal problems of the organisation and find less time for external affairs.

5. At the initial level, matrix structure becomes quite costly because of top heavy management. It does seem to double up management because of dual chain of command However, this is only initial problems, and in the long run, this can be offset by the benefits accrued from matrix structure.

A perusal of the various problems suggests that many of these problems come because of faulty implementation of matrix structure If it is implemented with proper perspective, many problems will disappear. As it has been pointed out in the beginning that matrix is not merely a structure but it includes systems, culture, and behaviour which must be in accordance with matrix philosophy. Thus if systematic approach is adopted, matrix structure will result in maximum benefits in the areas where it is applicable

FREE-FORM ORGANISATION

Closely related to the project and matrix organisations, there are free-form models, sometimes also called as naturalistic, organic, or adhocratic form of organisation. The free-form model is based on the premise that the organisation is an open system and the basic task of a manager is to facilitate change in the organisation This requires greater organisational flexibility, and adaptability. Bennis observes that free-form organisation is 'a rapidly changing, adaptive, temporary system organised around problems to be

solved by groups of relative strangers with diverse professional skills.[7]

The modern history of free-form organisation can be traced back to the development of task forces during World War II, when the military created *ad hoc* teams that were subsequently disbanded after completion of their missions. A rigid time span or duration was non-existent; teams could last a day, a month, or a year also. Roles performed in the teams were interchangeable, and, depending upon the nature and complexity of the mission, the group could be divided into subunits, each responsible for different facets of the job to be performed. In the similar way, since the social, political, economic, and technological environments are changing rapidly, organisations cannot allow their internal structures to solidify : high talent, professional managers require a responsive, volatile organisation.

Free-form structures reduce the emphasis on positions, departments, and other formal units, and on the organisational hierarchy. Forrester even suggests that in free-form organisation, the traditional man-boss relationship disappears. He has emphasised that profit centres rather than functionally divided budgetary units should be major entities. Profit centres place all contributions to an integrated, single unit with unified goals so that all gain or lose by the results. Such a system can be managed as a team or a cohesive group, but its organisation structure would be fluid and dynamic.[8] The free-form design is so constructed that its constituent units are operated quite flexibly. It de-emphasises organisation charts and chain of command; utilises independent profit centre concepts and systems and team approaches. A small central group at the top is relatively stable, and it consists mainly of planners and a centre of control and evaluation. The operating part of the organisation consists of changing blends of the various functions as different mixes of resources are applied across industry lines or within an industry. Operating divisions are regarded as either temporary or permanent, depending on their potential for generating profit; their additions or deletions are governed by policies on rate of return and on assessments of alternative uses of the resources. From this point of view, all the major functions of the organisation are treated as profit centre, whether they contribute directly or indirectly.

Free-form organisations are suitable for those industries which have to work in highly dynamic environments. Such environments are characterised by high flexibility and ever-changing character. To be successful in such an environment, the organisations are required to put more pressure on information processing, quick decisions, and independent status to the various units which are directly exposed to the environment. Apart from the environmental pressure, there is another reason for adopting free-form of organisation, and that is the democratic values of the society. The democratic values put more emphasis on equality and de-emphasis on boss-subordinate relationships. In free-form organisations, both these things are possible. However, to some degree all the organisations place some emphasis on

7 Warren G Bennis, 'Post-Bureaucratic Leadership', *Transaction*, July-August, 1969, p 45

8 Jay W Forrester. A New Corporate Design.' *Industrial Management Review*, Fall 1965, pp 5-17

Characteristics of Bureaucracy

It is quite difficult to define the term bureaucracy precisely because of its numerous characteristics Dictionary meaning of the term denotes as a body of non-elective government officials, 'an administrative policy-making group', 'government characterised by specialisation of functions', 'adherence to fixed rules and a hierarchy of authority', 'a system of administration marked by red-tape and proliferation'. Such meanings, however, do not define bureaucracy fully A definition of bureaucracy may be as such : Bureaucracy is an administrative system characterised by a continuous organisation of official functions bound by rules, hierarchy, formalisation, and competent personnel. Such a definition brings out the following characteristics of bureaucracy and their implications.

1 *Administrative Class*

Bureaucratic organisations generally have an administrative machinery, specialised administrative staff responsible for maintaining as a going concern and coordinating the activities of its members. Following are the chief features of personnel in bureaucratic administrative system :

(i) People are paid and whole-time employees. The officials receive the regular pecuniary compensation of a normally fixed salary and other financial benefits. The compensation, known as salary, is not measured in terms of work done, but according to the status, that is, according to the kind of function (rank) and, in addition, possibly according to length of service.

(ii) Their tenure of service in the organisation is determined by the rules and regulations of the organisation. They are employed by a free contractual relationship. Both the organisation and the individual for the office are equally free to enter into the hiring agreement. Furthermore, the office holder once hired is always free to resign his job and terminate the employment agreement. Similarly, the authorities of the organisation are also free to terminate the employment of an official in accordance with the rules of the organisation

(iii) They do not have any significant proprietary interest in the property of the organisation. The people have interest in the organisation to the extent of their careers. There may be some who may have their interest but such interest is not the basis of their entrance in official positions.

(iv) They are neither elected nor inherited, but they are appointed through selection and the basis of selection is their technical competence. As such they do not have possession right in managerial positions

2. *Administrative Hierarchy*

Hierarchy is a system for ranking positions along a descending scale from the top to the bottom of the organisation In bureaucratic organisations, offices follow the principles of hierarchy, that is, each lower office is under control and supervision of a higher one. In this way no office is left uncontrolled. This is fundamental to the whole concept of hierarchy. It is the administrative segment of the organisation between leader and rank and file, which is known as bureaucracy. Hierarchy serves as line of communication and delegation of authority Top level bureaucrats have larger amount of authority and responsibility than those at the bottom levels The

top bureaucrats closet to the leader, the ultimate organisational authority. Furthermore, the hierarchy is not unitary. There are sub pyramids of officials within the larger structure corresponding to functional subdivisions of organisation. At all levels, there are offices with same amount of authority but with different kinds and operating in different areas of competence.

3. *Division of Work*

Administrative work is divided and distributed on the basis of specialisation and division of labour. Weber has emphasised that each office in the organisation should have specific sphere of competence. This involves *(a)* a sphere of obligations to perform functions which have been marked off as part of a systematic division of labour; *(b)* the provision of the incumbent with necessary authority to carry out these functions ; and *(c)* that the necessary means of compulsion are clearly defined and their use is subject to definite conditiohs.[2] Thus, a systematic division of labour. right, and power is essential for rational organisation. Each office has a clearly defined area of competence within the organisation, and each official knows the areas in which he operates and the areas in which he abstains from action so that he does not overstep the boundary between his role and those of others.

4. *Impersonal Relationships*

The official of a bureaucracy is subject to organisational authority only with respect to his impersonal official organisation. The concept of impersonal obligation in organisations is usually interpreted to mean hierarchical relations free of personal involvement. Such relationship is needed in dealing both with organisational members and outsiders. It was Weber's belief that the ideal official should be dominated by 'a spirit of formalistic impersonality without hatred or passion, and hence without affection or enthusiasm.[3] The impersonal relationships are necessary in order for bureaucrats to make completely rational decisions.

5. *Official Rules*

A basic and most emphasised characteristic of bureaucracy is that administrative process is continuous and is bound by rules. Bureaucratic organisation is the antithesis of ad hoc, temporary, and unstable relations. These rules add to the rationality of behaviour because each official knows precisely the outcome of his behaviour. Further, these rules are more or less stable, more or less exhaustive, and can be learned. In fact, the knowledge of these rules represents a special technical learning which the official possess. Weber observes that 'the rules which regulate the conduct of an office may be technical rules or norms In both cases, if their application is to be fully rational, specialised training is necessary. It is thus, normally, true that only a person who has demonstrated an adequate technical training is qualified to be a member of the administrative staff.[4] The management of an office according to rules is deeply embedded in its very nature because it restricts the officials to act arbitrarily. Arbitrary actions may lead to favouritism, irrationality and consequently inefficiency specially in large organisations

2 Max Weber, *Op cit*, p 329

3 *Ibid*, p 340.

4 *Ilpd, p 329*

2. Predictability

There is a high degree of predictability of administrative behaviour in bureaucratic system. This results from the reliability of offices and the fixed and formal relations that exist between them. Bureaucracy is capable of subdividing a complex problem into simple ones through specialisation. The jurisdiction of each office is clearly spelled out and there is no conflict among offices over the functions, authority, and responsibility. Further, the relationship between official and his office is made impersonal, thereby minimising the impact of the individuality of a given official. Hence, there is no disturbance in the type of relationship even if the officials are changed. Thus, bureaucracy offers stability, order, uniformity, and symmetry that create a balance in the organisation. From this point of view, bureaucracy appears to be most suitable system for modern large organisations, where predictability in administration is crucial. Dubi has observed that 'a business organisation has to maintain stability in the face of widely fluctuating conditions affecting business operations. Hence, any factors in the system of administration that maximise predictability help to sustain the business organisation in the face of highly variable conditions of operation. Small wonder it is, therefore, that the rise of the bureaucratic form of administration and its universal application to all kinds of formal organisations parallel the rise of modern industrial and commercial enterprise.[8]

BUREAUPATHOLOGY

When the functions of bureaucracy are not served properly because of its dysfunctional aspect, the situation is referred to as bureaupathology. Without denying Weber's essential proposition that bureaucracy is more efficient (with respect to the goals of formal hierarchy), many researchers have suggested important dysfunctional consequences of bureaucratic organisations. Even Weber has recognised that bureaucratic apparatus may produce obstacles to efficiency. There may be some behaviours which are neutral, if they do not help or hinder accomplishment of organisational objectives. Some behaviours may be negative and they actually tend to hinder organisational goal achievement. The neutral and negative organisational behaviours may be called dysfunctional behaviours because they do not function in ways that contribute to organisational goals. The dysfunctional aspect has so much emphasised that the term bureaucracy itself carries negative connotation of inefficiency, red tape, and delay. Such dysfunctional aspect emerges because of overemphasis on certain aspect of bureaucracy, and occurrence of person-oriented or self-saving behaviours as against organisation oriented-behaviours. These may result in excessive aloofness and ritualistic observance of rules and regulations which contribute to inefficiency rather than efficiency in the organisation. There are four sources of inefficiency in bureaucracy: invalid assumptions, unintended consequences, goal displacement, and the nature of environment

1. Invalidity of Bureaucratic Assumptions

In fact, the sources of bureaupathology lie in the lack of validity of

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8 Dubin, *Op cit*, pp 153-154

various assumptions made about ideal bureaucracy Blau and Scott have questioned the validity of bureaucracy through which efficiency comes in the organisation. In most of the cases, either the conditions are not found in practice or even if found, these may result into efficiency. For rational behaviour, and consequently efficiency, some features have been suggested . rules, hierarchy, and impersonality in dealing Let us see how far these are valid

(i) Organisational Rules. It is assumed that rules are the basic source of efficiency. How far this assumption is true is a debatable proposition. We even hear 'work according to rule strike'. Does this really contribute to the efficiency ? Perhaps no strike contributes to efficiency. In fact rules are guidelines for actions But often instead of providing guidelines, these may become the source of inefficiency in the following ways : ritualism, misuse of rules, and apathy from rules

(a) Ritualism In bureaucratic organisation the performance of an official is measured in the context of reliability and conformity of behaviour to rules When bureaucracy adheres to formalised rules, regulations, and procedures for a long time, rules become more important than the achievement of organisational objectives. Rules become master and all other things subordinate to them Thus, technicalism and red-tape emerge. Metron has described the role of rules in bureaucracy as follows : *(i)* An effective bureaucracy demands reliability of response and strict devotion to regulations. *(ii)* Such devotion to the rules leads to their transformation into absolutes. *(iii)* They are no longer conceived as relative to a given set of purposes. This interferes with ready adaptation under special conditions not clearly envisioned by those who drew up the general rules *(iv)* Thus, the very elements which conduce towards efficiency in general produce inefficiency in specific instances [9]

(b) Misuse of Rules. The rules are misused by bureaucrats. Drucker cites the situations for the misuse of the rules by bureaucrats *(i)* First is the mistaken belief that procedural rules are instruments of morality. They should only be used to indicate how something can be done expeditiously, not determine what is right or wrong conduct *(ii)* Procedural rules are sometimes mistakenly substituted for judgment. Bureaucrats should only be mesmerised by printed forms : they should only be used in cases where judgement is not required *(iii)* The third and most common misuse of procedural rules is as a punitive control device from above. A bureaucrat is often required to comply to rules that have nothing to do with his job. An example would be the plant manager who has to accurately fill out numerous forms for staff personnel and corporate management which he cannot use in obtaining his own objectives.

(c) Apathy from Rules Another aspect of bureaucratic rules is its apathy-preserving function Just as the rules facilitate punishment, so too do they define the behaviour which can permit punishment to be escaped The rules serve as a specification of a minimum level of acceptable performance. It is, therefore, possible for the employees to remain apathetic, for they know just how little they do and still remain secure. This is of course the stuff of which

9 Robert K. Merton, 'Bureaucratic Structure and Personality', in Dubin, *Op cit*, p 156

bureaucratic sabotage is made Bureaucratic sabotage is deliberate ap: fused with resentment, in which, by the very act of conforming to the lette the rule, its intention is conscientiously violated.

(ii) Organisational Hierarchy The assumption that organisational hie chy provides control and coordination in the organisation is not true. In two things are quite contrary. If the personnel are taken on the basi technical competence, there should be automatic control and coordinat In the case of professionally qualified people, there is no need of exte control as the control comes from within. Thus on the one hand bureauc is based on administration through expertise and on the other, it is base(discipline. These two things are quite contradictory In fact, bureauc provides more opportunities for responsibility avoiding situation than con

Management functions	*Need for making command decision*	*Bases of decision*	*Ways of avoidi responsibility*
Directing	Existing operating problem	The book	Higher or lowe authority
Coordinating	Departmental conflict	Existing power structure	Past history · it has been that way
Controlling	Questioning of control informa-tion	Right to exer-cise control function	Top decision-maker
Innovating	New ideas	Custom	Past history past methods o designs of worl

Fig 22 1 Non-responsible Bureaucratic Behaviour Leading to Avoidance of Responsibi
Source : Robert Dubin, *The World of Work*, Englewood Cliffs, N.J Prentice-Hall, 19: 382

In bureaucratic organisations, the responsibility can be avoided \ easily by using techniques originally designed to produce efficiency, tho on the face, it looks quite contradictory as duties, regulations, procedures, authority of jobs are carefully designed Such avoidance of responsibi always lies in the rules framed Dubin has presented following situati where bureaucrats try to avoid responsibility.

The first column in the figure shows four management functions , second column contains the typical situations in which decisions are need the third column gives the basis on which responsibility can be avoided , fourth column gives the way in which responsibility can be avoided Thus, buck-passer always finds a way for avoiding responsibility. This is reinfor further because measurement of effectiveness of an official is attached w the observance of rules

(iii) Impersonality. It is assumed that bureaucracy is most effect because it uses impersonal approach in dealing with human beings Thus,

emotional attachment will not come in the way. Thus, the system will be free from favouritism, discrimination and arbitrary authority However, this impersonal aspect becomes much more dysfunctional than rules and hierarchy.

Some important analysts of bureaucracy, particularly Merton, Selznick, and Gouldner, have given great attention to behavioural dysfunctions of bureaucracy.[10] Though there are some differences in their approaches, they have particularly hypothesised that the consequences of treating individuals as machines actually encourage a continued use of the much criticised machine model They have pointed out that major consequence of bureaucratic structure is the disruption of overall goal attainment because impersonality affects officials, personalities adversely and low level of morale in the organisation The problem of morale resulting from bureaucracy can also be serious Work within narrow set limits often results in restlessness and dissatisfaction among executives and employees who are restless and dissatisfied both at the job and at home Employees are conditioned by rules and regulations to stereotype their relations with the customer, and even personal attention follows a formal prescription. Selznick has particularly emphasised that more enlightened organisational concepts, such as, delegation of authority must be incorporated into bureaucratic structures in order for them to become workable, co-operative systems [11]

Besides the above assumptions which have been made about the bureaucracy, there is another element which prevents bureaucracy to function in the same way as anticipated In every organisation, besides the formal organisation, informal organisations also exist. The real organisational behaviour is not what is prescribed by the formal organisations but is a result of interaction of both formal and informal organisations As such, how it can be assumed that the behaviour will occur in the same way as prescribed Thus, it does not fulfil the requirement of the modern organisations.

2 **Unintended Consequences**

In bureaucracy, there may be many more unintended consequences than what have enumerated above. Since many assumptions are not valid, the results are unanticipated, that is, inefficiency instead of efficiency. Besides there may be many other unintended consequences in bureaucracy. Such consequences may be in the form of trained incapacity, value conflict, organisational-individual conflict.

(i) Trained Incapacity. Trained incapacity relates to a phenomenon where a person is trained to look at the matter from a single point of view Thus, he can correlate the matter with total situation on the basis of his training. In this case, though the person is trained in his field, he fails to take correct perspective in solving the problem In the bureaucratic organisation, the behaviour of the members must be highly predictable and reliable. The principal means for accomplishing this predictable and reliable behaviour is through rules and regulations Bureaucrats are trained to apply rules by categorising the various situations. In this process, they categorise various

10 Merton, *Op cit*, Philip Selznick *TVA and the Grass Roots*, New York Harper Torchbook, 1966, Alwin W Gouldner, *Patterns of Industrial Bureaucracy*, New York Free Press, 1954

11 Selznick, *Op cit*

situations where a particular rule can apply. Thus, the decision-making does not require any innovative and analytical techniques The situation does not require any training except training for applying rules This situation has been called as trained incapacity by Merton who defines it as 'that state of affairs in which one's abilities function as inadequacies or blind spot.[12]

Trained incapacity works against organisational efficiency In order to make the work easy, bureaucrats often develop very few categories of situations for applying the rules, whereas situations may demand more For example, in government office, certain standard forms of letters concerning a matter are prescribed. Whatever may be the situation, one out of these forms will be used. No doubt this is simple, but often it causes more problem than solving it. Several such cases can be found out in government offices which contain high degree of bureaucratisation.

(ii) Value Conflict Bureaucratic organisations often face value conflict between bureaucrats and professionals. Such conflict is visible in many government undertakings. The conflict between technocrats and bureaucrats over holding certain key positions in various organisations is quite pertinent The basic reason for this conflict is the difference of orientation between bureaucrats and professionals. Profession has certain specific characteristics which make it different from other vocations The basic source of conflict lies in the control structures which are applied in the organisation The professionals like to be controlled by their association of which they are members. For example, the behaviour of medical professionals is controlled by the association of which they are members In organisational situation, they are subject to control by hierarchy Thus, the value conflict between bureaucrats and professionals is obvious leading to frustration and inefficiency.

(iii) Organisational-Individual Conflict Bureaucratic organisation, in general, functions against individual's personality Behavioural scientists have observed that bureaucratic organisations do not fulfil the need of people adequately, rather they function against them For example, Argyris holds the view that individual matures over a period of time (chapter 8), while bureaucratic organisations are designed to suit immature personalities. A mature personality requires less control, innovation in behaviour, and flexibility in working. These factors are not provided by bureaucratic organisations. Therefore, there is always a conflict between organisational and individual goals leading to inefficiency

3. Goal Displacement

Though goal displacement is one of the unintended consequences of bureaucracy, it requires a separate treatment because of its complexity and leading to organisational dysfunctional As discussed in the beginning of this text, goal-displacement occurs when resources are being used for a purpose other than for which the organisation exists The purpose that has replaced the original goals and values may be followed too excessively that this itself becomes end for the organisation Over the long-run people are reinforced on

12 Robert K Merton, *Social Theory and Social Structure,* New York Free Press, 1968, p 252

the basis of such behaviour For example, rules are means for achieving organisational goals. The rules may be followed so rigidly that following of rules becomes objective and the result of the following of rules which may contribute to organisational objectives becomes a secondary thing Bobbitt *et al* have presented a model for identifying the reasons for goal displacement in bureaucracy

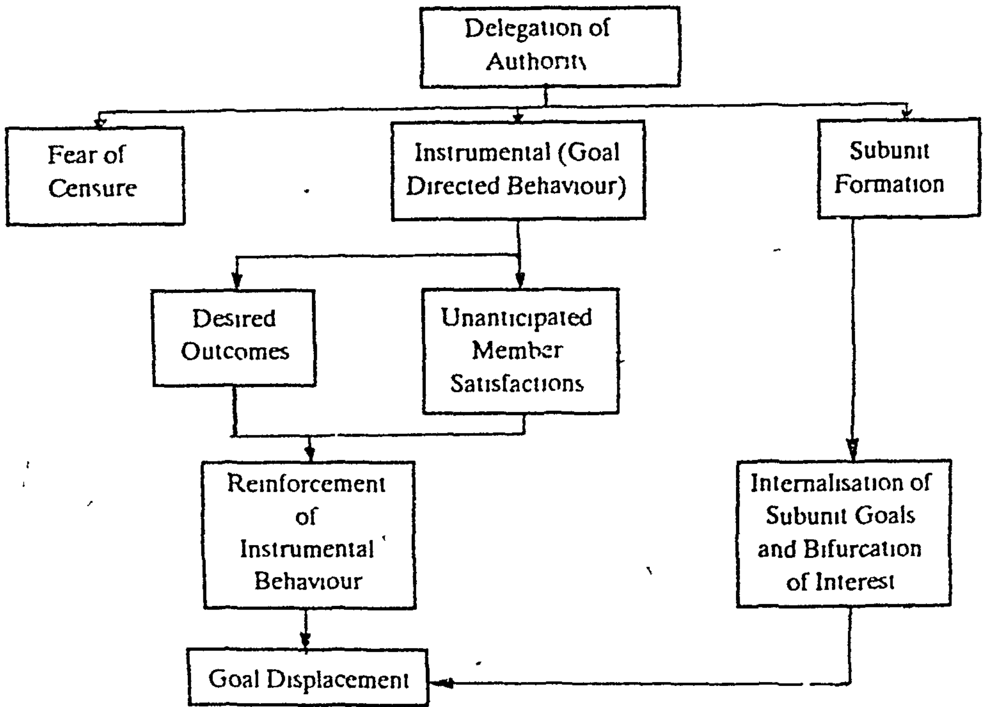


Fig 22.2 Origin of goal displacement

Source: H Randolph Bobbitt, Jr *et al, Organisational Behaviour,* Englewood Cliffs, N.J Prentice-Hall, 1974 p 65

Accordingly there are four major reasons for goal displacement in bureaucracy reinforced behaviour, behaviour substitution, fear of censure, and subunit goal internalisation.

(i) Reinforced Behaviour The basic source of goal displacement in bureaucracy is the focus on secondary goal to the neglect of primary one and reinforcing this behaviour Any behaviour which is reinforced happens again and again and becomes part of man's regular behaviour This behaviour, however, may not be desirable. In bureaucracy, people emphasise certain aspect of behaviour without taking into account the overall organisational perspective Since this behaviour is reinforced they continue to engage this behaviour For example, a person in bureaucracy is judged on the basis of how he follows rules. Thus, following of rules becomes desirable behaviour for that individual irrespective of its impact on the result Thus, a librarian may be more interested to see that every book is in the library and at the place appointed for it, irrespective of whether these are used by readers. The basic objective of library is to provide books to their readers and not merely to keep the books intact in various shelves.

(ii) Behaviour Substitution In bureaucratic organisation, goal displacement occurs when instrumental behaviour has desirable, unanticipated consequences for an organisational member. The organisation is based on hierarchy putting various individuals in superior-subordinate positions. A superior may emphasise a behaviour which may be desirable for him, though not for the organisational efficiency For example, the bureaucrat may prescribe a procedure for giving appointment to people in the organisation to discuss various organisational problems. If he prescribes that the matter is first discussed with his secretary and then it is put for his deliberation may adversely affect the decision-making process in the organisation This may not only involve more time but work against the motivation of those who want to solve certain problems This substituted behaviour may be desirable for the bureaucrat as it defends his ego but undesirable from organisation point of view.

(iii) Fear of Censure Goal displacement occurs because the organisation's members fear censure for not adhering to a procedure or following of a rule. As discussed earlier, there is ritualism in following rules This ritualism results more from lack of security in important social relationships in the organisation than from over-identification with rules or strong habituation. The rules are taken as shelter for overcoming inefficiency also. The basic result is that people do not want change or if circumstances arise for taking independent decisions, they follow rules and if no rule exists they try to follow precedent. Thus, lack of security because of censure of behaviour demotivates people to take innovative decisions

(iv) Subunit Goal Internalisation As discussed in earlier, an organisation creates various units and subunits to carry its activities. Each of these units and subunits shares the organisational goals This is done through the process of translation of general goals into operational goals In this process, distortion occurs resulting into subunit goal being different than overall organisational goals. This is also the reason for interunit conflicts which will be taken later on The various units may follow their goals in such a way that their functioning may not contribute positively to the achievement of overall organisational goals

4. Nature of Environment

There is another source of bureaupathology because of the nature of environment. For the development and functioning of bureaucracy, certain environmental variables are suitable Eisenstadt has identified the various environmental conditions under which bureaucracy thrives. These are as follows :

(i) Social roles are differentiated according to the needs of the institutions ;

(ii) Social roles are assigned according to the achievement criteria ,

(iii) Functionally specific groups emerge to perform limited economic, technical, and cultural functions ;

(iv) Social setting is not defined merely on kinship or territorial basis but people interact with open relationships ,

(v) Various groups develop to overcome the limitations of family groups in carrying out the various activities ;

(vi) There is increased interdependence creating complexity of operation in the environment ; and

(vii) There is competition among various groups for resources of the society [13]

These features of environment are responsible for the growth of bureaucracy. The various environmental factors have been supposed to be stable prescribing certain specific relationships among various elements of the society. Thus, bureaucracy can work better if the environment is stable As discussed in the beginning of the part, the environmental variables are the major determinants of organisation structure, mechanistic organisation is suitable for stable environment and organic structure is suitable for flexible environment. Bureaucracy is a mechanistic structure.

The basic assumption that the environment is stable is not true. Therefore, the basis of effective bureaucracy is absent. In dynamic environment, more interaction with the environment is required , more information monitoring and processing is required to keep the organisation cope with environmental factors. For such type of environment, bureaucracy is unsuitable but various other forms of organisation, as discussed in an earlier chapter, are suitable. There is another problem because of this environmental interaction. People are drawn from the environment having specific socio-psychological needs which they want to satisfy while working in the organisation. Bureaucratic organisations, however, fail to satisfy these needs of people. Therefore behaviouralists suggest that bureaucracy works on machine model and should be replaced

The various sources of bureaucratic pathology lead either to internal inefficiency--internal conflict, frustration, misuse of resources, and organisational downfall, or client's dissatisfaction. Client's dissatisfaction is a major factor because of which bureaucracy has been defined as something having negative connotation. the system has led to much unanticipated consequences which Weber could not think of In his own life-time, Weber was so disgusted with bureaucracy that he came to attack the apparatus he helped to immortalise.

Remedy for Evils of Bureaucracy

In spite of its various shortcomings, it can be noted that various elements of bureaucracy are found in most of the modern organisations-more in government organisations and less in business organisations. The reason is very simple There are certain aspects of bureaucracy which are required in all modern organisations which tend to be large and complex. For example, some type of rules are required to unpredictability and arbitrary action Some sort of hierarchical arrangement is required to put large number of people in a large organisation. What is not required is the overemphasis on these aspects. They can be used only as a means for achieving goals Thus, in order to overcome the problems of bureaucracy, two types of approaches can be

13 S N Eisenstadt, Bureaucracy, Bureaucratisation, and Debureaucratisation, *Administrative Science Quarterly*, Vol 4, December, 1959

followed : change in structure and change in leadership

As discussed in the previous chapter, for dynamic environment and people with high level of professional competence-organic adaptive structure, as against mechanistic and deterministic structure which bureaucracy represents, is required. The systems and contingency approaches of organisational designing have evolved various types of organisation structures which are not strictly based on the technical features of bureaucracy. Thus, by changing the organisation structure, the organisation can be managed in better way. The new organisation structures may also have some elements of bureaucracy but they do not emphasise these aspects beyond the level to which they are required

Another approach for overcoming the evils of bureaucracy is the change in managerial behaviour. In fact many of the evils of bureaucracy come not from the structure but from the behaviour of people involved. Such behaviour may be modified considerably. Rather than sticking to rule-based behaviour, the managers can adopt behaviour based on situations This behaviour may be more functional both from organisations point as well as from clients point of view. Such behavioural patterns can satisfy the organisational members as these are based on humanistic approach. These can also satisfy the outsiders because these are result-oriented

It can be seen that approach may not lie in replacing the bureaucracy as it has certain advantages The suggestion that bureaucracy is faced with death is not wholly true The best approach may be in the form of loosening the organisations from various rigid characteristics of bureaucracy thus, the attempt would be mostly in the form of organisational reformation rather than substitution.

BUREAUCRATIC FEATURES OF INDIAN ORGANISATIONS

Bureaucracy in India has been generally criticised and is now openly charged for its inefficient functioning. Inefficient functioning is used popularly as a package term which includes, besides other constituent elements, disproportionate delay in taking a decision, ineffective implementation of the decisions and a general lack of direction and purpose. It has generally been recognised by most of the people that Indian bureaucracy has failed to deliver the goods expected of it Commenting on the working of business organisations *vis-a-vis* public bureaucracy, the ex-chairman of Hindustan Lever, T. Thomas has observed that 'trying to set up a new industrial unit in India is like running an obstacle race, except that in this case, as you go along, the obstacles are increased both in number and complexity without prior warning We have estimated that it takes about 7 years from the conceptual stage to the production stage for any significant investment to take place in India. Out of this, at least 50% of the time is spent to satisfy Government regulations[14] This shows both delay in decision-making and emphasis on procedures in public bureaucracy While this is a general impression about the functioning of bureaucracy in India, it requires more elaboration about the working of Indian bureaucracy. From the analytical point of view, the Indian

14 T Thomas, 'Managing a Business in India', *Company Meeting Hindustan Lever Limited*, Bombay, June 20, 1980

bureaucracy may be divided into two indentifiable parts . one which is relevant for Government administration, that is, public bureaucracy, and another which is relevant in business organisations.

Public Bureaucracy

In fact, most of the above allegations are true, and in the first instance when people talk of bureaucracy they always refer to public bureaucracy. Public bureaucracy is a legacy of British system of administration. Even after independence in 1947, we have adopted the same type of bureaucratic administration The structure of bureaucracy which India inherited had two levels : *(i)* the administrative organisation of the Government at the headquarters called Secretariat, and *(ii)* field units of administration The bureaucracy at the first level has more impact on the quality of life of people because mostly decisions are taken at this level. Such level is characterised by the following elements :

1. *Hierarchy.* The secretariat is characterised by hierarchy ; a number of secretaries, and joint, deputy and undersecretaries are arranged in a hierarchical order. The posts are filled up by members of I.A.S. in most cases. However, their background and training is such that they have capability of taking decisions so far as the routine matters are concerned, but in the changing roles of bureaucrats they are not fully equipped. The reason is quite simple. At the time of British rule, they were mainly concerned with law and-order problems which required a different type of training and orientation. However, when they are required to fulfil the role of a different type, that of working as developmental instrument,-they have mostly kept their old orientation. Though some changes have been incorporated in training programmes for such bureaucrats, the change is not perceptible. Thus, there is a conflict between job requirements and the role perception and the background.

2 *Official Procedures* There are certain well-set procedures for administrative decisions. This procedure starts at the lowest level, goes up to the highest level and then comes back at the lowest level For example, for taking certain decisions, particularly of routine types, the person at the lowest level of hierarchy initiates the actions but decisions are taken by the person at the high level but again it is communicated at the lower level. This is so because the authority is centralised and persons at the lower levels cannot take a decision though they are the persons who are more familiar about the problems.

3 *Status System* The structure of bureaucracy also depends on the status system Status system is the prestige, privilege or deference attached to the role or position one holds in an organisational hierarchy In public bureaucracy, the status of an individual is expressed with the help of status symbols which are made up of titles, name plates and other physical symbols such as official car, office space, furnishing, etc Such status symbols are emphasised too much, consequently there is no freer mixing of senior and junior level officers Such symbols also put psychological barriers in communication along hierarchical lines The communication is mostly one-way, that is, in downward direction only. Now when this approach is applied in decision-making or dealing with clientele, that is, general public, often the result is pathological

organisations recently, particularly in their structuring and decision-making process which have provided more openness and access of lower level executives to the top echelons.[18] Such changes have been possible because of professionalisation of management, diversification of business, and increasing complexity of business environment But it does not mean that the basic characteristics have changed. In fact it is not so

2. *Status System* The status system plays an important role in achieving organisational goals and fulfilling individual needs, particularly in bureaucratic organisations. Status symbols are quite common in public sector organisations Besides, these are also quite frequently noticeable in the case of foreign owned, controlled, or collaborated industrial enterprises in India.[19]

The status of person is also decided on the basis of family, community, the university from which he graduated, geographical location, etc , known as ascribed status In certain industrial concerns, particularly owned and managed by a family or business community, the status of the employees depends, to a great extent, on the ascribed factors.[20] For example, Marwari, Gujarati, and Parsi get preference in the organisations owned and dominated by Marwari, Gujarati, and Parsi communities respectively.[21] The relatives and family members of the owners are appointed on the middle and senior positions. Not only in the initial appointment, such preference is shown in the matter of promotion also. Some of these phenomena are noticeable more in the case of smaller organisations than in larger ones The appointment and promotion based on ascribed factors often create frustration among other employees.

There is another type of status system noticeable in business organisations. This is in the form of appointing good players particularly from cricket and hockey to impress upon the public in general ; or appointment of retired civil or military officers to affect Government influence in their own favour.[22] In the similar way, many organisations appoint M.B.A.s and other professionals to impress that they are forward-looking but, in practice, no meaningful work is given to these people which affects their working adversely. However, with the change in the economy, abolition of managing agency system, increasing professionalisation, increasing foreign collaboration, availability of new technology, expanding business competition, etc , are influencing attitudes and values of people. These changes are bound to have some impact on the status system of the business organisation in India.

3. *Group System.* The business organisations in India have developed many types of groups. While there are usual bases of group formation, some peculiar bases of group formation are region, caste, community, location, or profession. Grouping on the basis of region and caste community is more

18 D R Singh, 'Dynamics of Organisational Structure in India', *Indian Journal of Industrial Relations,* October 1980, pp 243-258

19. D R Singh, *Bureaucratic Structure,* p 27

20 A.N Agarwala, *The Emerging Dimensions of Indian Management,* Bombay Asia 1970, p. 94

21 D R Singh, *Bureaucratic Structure,* p 27

22 *Ibid*

Part V

Organisational Effectiveness and Change

23

Organisational Effectiveness

Theme	
To analyse how organisational effectiveness can be measured	To identify the factors which affect effectiveness so that these factors can be modified to achieve effectiveness

During the past few years, the topic of organisational effectiveness has received considerable attention specially from social scientists The increased attention towards the topic can be traced in two reasons. First, interest in this topic has been heightened by a growing appreciation of the vital role played by organisations in the life of modern man Man has become more or less dependent upon organisations of various types for the satisfaction of his needs. Thus, his need satisfaction is directly dependent upon the effectiveness of the organisation. Higher the degree of organisational effectiveness, more satisfaction the man derives from the organisation As such understanding of the organisational effectiveness is of vital importance for the society at large. Second, current interest in organisational effectiveness can be traced partly to the central nature of this topic to the field of organisation theory. Discussion pertaining to the field of organisational effectiveness, particularly its definitional, conceptual, and methodological issues have generated great amount of diversity among various authors.

Concept of Organisational Effectiveness

Organisational effectiveness, also called as organisational success or growth, is defined and conceptualised in different ways, and no unanimity is found in different approaches. Though a large volume of literature is available on the concept and working of organisational effectiveness, there is often contradiction in the various approaches The various approaches are judgmental and open to question Thus, various terms are often used interchangeably, such as, efficiency, productivity, profitability, organisational growth to denote organisational effectiveness The inconsistency in the various terms is obvious This inconsistency mainly arises because of discrepant conception of organisational effectiveness

Effectiveness and Efficiency

Two terms which are used quite closely or even interchangeably are effectiveness and efficiency, though both these terms have fairly clear and separate meaning. The term efficiency is used in an engineering way and it

be rejected on theoretical considerations as well. 'Goals, as norms and sets of meanings depicting target states, are cultural entities. Organisations, as systems of coordinated activities of more than one actor, are social systems[6] Thus, goal approach can be rejected as a base of organisational effectiveness because of two reasons. First, goals, as ideal states, do not offer the possibility of realistic assessment Second, goals as cultural entities arise outside the organisation as a social system and cannot arbitrarily be attributed as properties of the organisation itself

Another problem implicit in goal approach is the identification of organisational goals. No doubt, organisations are purposive creations with certain specified goals, in practice, such goals do not reflect the real functioning of the organisations. Katz and Kahn note that 'the stated purposes of an organisation as given by its bylaws or in the reports of its leaders can be misleading. Such statements of objectives may be idealised, rationalise, distort, omit, or even conceal some essential aspects of the functioning of the organisation Nor is there always agreement about the mission of the organisation among its leaders and members[7] This suggests that organisational goals are nothing more than courses of action imposed on the organisation by various forces in its environment, rather than preferred end States toward which the organisation is striving

These considerations, taken together, seem to undermine the rationale behind the use of goal as a yardstick for assessing organisational effectiveness. But, this is not to suggest that the concept of organisational goals should be rejected *in toto*. For certain analytical purposes, it is useful to abstract some goal as an organisational property. For the management of organisation point of view, the goal concept is generally taken as the basic criterion for measuring organisational effectiveness

2. Functional Approach

The functional approach to organisational effectiveness can be characterised as normative in the sense that the framers of the organisation report what the goals of the organisation should be as dictated by the logical consistency of their theory about the relationship among parts of larger social systems. From this point of view, derived goal approach or functional approach has an important advantage over the formal goal approach since it solves the problem of identification of organisational goals. Organisations can be evaluated and compared from the perspective of different groups or individuals. One may judge the effectiveness of an organisation in relation to its own welfare or in terms of its contributions to some other entities. The selection of a given frame of reference is a question of one's values and interest. The impact of the value pattern, furthermore, is felt through institutional process which spells out these values in more concrete functional contexts of goal attainment itself, adaptation to the situation, and integration of the system These functional prerequisites, including the value pattern, are universally present in every social system. Their specific orientation and

6 *Ibid*, p 258

7 Daniel Katz and Ronert L Kahn, *The Social Psychology of Organisations*, New Delhi Wiley Eastern, 1970, p 15

importance vary according to defining characteristic of the system and its place in the superordinate system In the case of organisation, goal achievement is the specific characteristic This goal, however, must be legitimated by the value pattern of the organisation This legitimation is the crucial point in functional approach of Parson's analysis of organisational effectiveness He states that since it has been assumed that an organisation is defined by the primacy of a type of goal, the focus of its value system must be the legitimation of this goal in terms of the functional significance of its attainment for the superordinate system, and secondly, the legitimation of the primacy of this goal over other possible interests and values of the organisation and its members[8] Thus, the vital question in determining effectiveness is how well the organisation is doing for the superordinate system

Limitations

Under the functional approach, however, how well an organisation is doing for itself is not considered adequately Thus, this approach has a major weakness in that it fails to treat the issue of organisational autonomy in relation to organisational effectiveness The proposition of functional autonomy implies that organisations are capable of gearing their activities into relatively independent courses of action, rather than orienting themselves necessarily toward the needs of the society as the superordinate system Under such assumptions, it is difficult to accept that ultimate goal of organisations must always be of functional significance for larger system. As such, it cannot be applied for measuring organisational effectiveness in terms of its contributions to societal system Commenting on the applicability of goal and functional approach in measuring organisational effectiveness, Yuchtman and Seashore observe that 'the goal approach, while theoretically adhering to an organisational frame of reference, has failed to provide a rationale for the empirical identification of goals as an organisational property The functional approach, on the other hand, has no difficulty in identifying the ultimate goal of the organisation, since the latter is implied by the internal logic of the model, but the functional model does not take the organisation as the frame of reference Furthermore, neither of the two approaches gives adequate consideration to the conceptual problem of the relations between the organisation and its environment[9]

3. System-Resource Approach

System-resource approach of organisational effectiveness is derived from the open system model as it is applied to formal social organisations This model emphasises the distinctiveness of the organisation as an identifiable social structure or entity, and it emphasises the interdependency of processes that relate the organisation to its environment The interdependence between organisation and its environment takes the form of input-output transactions of various kinds relating to various things These are scarce and valued

8 Talcott Parsons, *Structure and Processes in Modern Societies*, New York Free Press, 1940. p 68

9 Ephraim Yuchtman and Stanley E Seashore, 'A System Resource Approach to Organisational Effectiveness', *Administrative Science Quarterly*, Dec 1967, pp 377-395

resources. Broadly defined, these resources are generally means or facilities that are potentially controllable by social organisations and that are potentially usable – however indirectly – in relationships between the organisation and its environment. The idea of resources here is quite comprehensive and includes things beyond the concept of resources to physical or economic objects, such as, human activity. These scarce and valued resources are the focus of competition between organisations. This competition, which may occur under different social settings and which may take different forms, is a continuous process underlying the emergence of a universal hierarchical differentiation among social organisations. Such hierarchy may be taken as a yardstick of organisational effectiveness because it reflects the bargaining position of organisations in relation to competing social units that share all or part of the organisation's environment. Organisational effectiveness, as such, is defined in terms of bargaining position, as reflected in the ability of the organisation, in either absolute or relative terms, to exploit its environment in the acquisition of scarce and valued resources.

The concept of bargaining position implies the exclusion of any specific goal as the ultimate criterion of organisational effectiveness It points to the more general capability of the organisation as a resource getting system. The specific goals, however, may be incorporated in two ways : *(i)* as a specification of the means or strategies employed by members towards enhancing the bargaining position of the organisation : and *(ii)* as a specification of the personal goals of certain members or classes of members within the organisation Thus, better the bargaining position of the organisation, the more capable it is of attaining its varied and transient goals, and more capable it is of allowing the attainment of personal goals of its members.

The resources getting ability of organisation is not the only aspect of organisational performance because the input of the resources is only one of three major cyclic phases in system model of organisation, the other two being throughput and output. From this viewpoint, the mobilisation of resources is a necessary but not sufficient condition for organisational effectiveness. The concept of organisational effectiveness as defined in the context of its bargaining position, however, includes all the three phases of organisation behaviour – the importation of resources, their use, and their exportation in some output form that aids further input.

By focusing on the ability of the organisation to exploit its environment in the acquisition of resources in the area of competition over scarce and valued resources that the performance of both like and unlike organisations can be assessed and evaluated comparatively The comparative aspect of interorganisational relations implies that an assessment of organisational effectiveness is possible only where some form of competition takes place. Blau observes that 'competition promotes hierarchical differentiation between more or less successful organisations, and exchange promotes horizontal differentiation between specialised organisations of diverse sort.[10] The competition may exist even among unlike units because exchange and competition are extremes of a continuum along which interorganisational transaction can be described. The comparison is easy when competition refers

10 Peter M Blau, *Exchange and Power in Social Life*, New York · John Wiley, 1964, p 256

to some kind of resources and the assessment variables both of input and output are measured in like units Comparisons are also possible, however, in the case of organisations that do not compete directly, but that compete in environments that are judged to be similar in some relevant respects. This is so because some resources are of universal relevance and organisations frequently mobilise their activities in a way that enhances their power to acquire these resources

It is of course very difficult to determine in absolute terms the organisation's maximum bargaining position and the optimal point of resource-procurement that is associated with that position Thus, in practice, organisational effectiveness must be assessed in relative terms If the nature of resources is also taken into account, the following steps seem necessary for meaningful comparison : *(i)* to provide an inclusive taxonomy of resources : *(ii)* to identify the different types of resources that are mutually relevant for the organisation under study and *(iii)* to determine their relative positions of the compared organisations on the basis of information concerning the amount and kinds of resources that are available for the organisation and its efficiency in using these resources to get further resources [11]

Limitations

The system-resource approach of organisational effectiveness is not free from its shortcomings. For example, when it is referred to the acquisition of resources, this ultimately relates to some goals for which resources are acquired However, the measurement of this goal is very difficult. The acquisition of resources from the environment is based upon the official goal of the organisation (Yuchtman and Seashore use the term ultimate criterion). Movement toward this goal or ultimate criterion is difficult if not impossible to measure Thus, the issue of goal *vs* resource allocation is in many ways an argument over semantic This is so because resource acquisition does not just happen, it is related with some goals. As such this model is not much different from the goal model Thus, discussion of organisational effectiveness leads to the conclusion that there is no single indicator of effectiveness, even, a group of common indicators, that can be used across organisations. Instead, the approach must be that operative goals serve as the bases for assessment of effectiveness.

Maximisation or Optimisation of Effectiveness

There is another conflict in organisational effectiveness, that is maximisation vs. optimisation For example, Katz and Kahn take the position of maximisation when they define organisational effectiveness as the maximisation of return to the organisation by all means [12] On the other hand it is suggested that most human decision-making, whether individual or organisational, is concerned with the discovery and selection of optimal alternatives Thus, these approaches are not quite similar These approaches give two clearly separate sets of decision-making models, one based upon maximisation and other based on optimisation The first approach is referred to as 'economic man approach' and the second is referred to as 'administrative

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11 Yuchtman and Seashore, *Op cit*, p 301

12 Katz and Kahn, *Op cit*

man approach' decision-making It is quite relevant to discuss the implications of each approach to find out to what extent an organisation can become effective.

Maximisation . Economic Man Approach

The concept of economic man was evolved by classical economic theory. The economic man is completely rational and tries to maximise returns by his efforts The decisions which he takes are based on the following conditions :

1 The decisions are completely rational in terms of means-ends relationships, that is, he always identifies clearly the ends to which he wants to reach and the means which are available for the purpose.

2 There is a complete and consistent system of preferences which allow a choice among alternatives.

3 There is awareness of complete information and alternatives out of which he has to choose.

4. There is no limit on computations that can be performed to determine the best alternatives.

In organisations, the decision of economic man will be directed towards maximisation of goal achievement ; in business organisations, it may be profit maximisation This is achieved where marginal cost is equal to marginal revenue This situation, however, is not always possible because of two reasons : maximisation, even if possible, is not in the best interest of the organisation from long-term point of view. Second, there is limitation on the rationality in the real decision-making process. This is why even most of the economists claim that rational economic man model is not a realistic description of modern management decision-making behaviour.

The first basic problem in maximisation of organisational effectiveness relates to desirability of maximisation itself. Maximisation of effectiveness, even if possible, is destructive from the viewpoint of organisation because an organisation that fully actualises its exploitative potential may risk its own survival since the exploited environment may become so depleted as to be unable to produce further resources Furthermore, an organisation which ruthlessly exploits its environment is more likely to incite a strong organised opposition that may weaken or even destroy the organisation's bargaining position Thus, a short-term gain may result into long term-losses. Thus, the highest level of effectiveness for an organisation is reached when the organisation maximises its bargaining position and optimises its resources procurement. Optimum is the point beyond which the organisation endangers itself because of the depletion of its resource producing environment, or the devaluation of resources, or because of the generation of the countervailing forces in the environment to weaken the organisations position.

The second problem in maximisation is more serious and often is related with the basic process of decision-making itself, that is, it is not possible to become wholly rational because of certain limitations on rationality, as discussed earlier. The limits of rationality suggest another alternative to maximisation, that is optimisation which is reflected by administrative man.

Optimisation : Administrative Man Approach

As contrast to economic man approach of perfect rationality, administrative man emphasises optimisation in decision-making which satisfices him. Thus, he tries for satisfactory alternatives only. Simon who has given the concept of administrative man has described the following behaviour in decision-making process[13]

1. In choosing among alternatives, administrative man attempts to satisfy or look for the one which is satisfactory or good enough. Examples of satisficing criteria would be market share, adequate profit, and fair price

2 He recognises that the world he perceives is a drastically simplified model of the world. He is content with this simplification because he believes the world is mostly empty.

3. Because he satisfices, rather than maximises, he can make his choices without first determining all possible alternatives and without ascertaining that these are in fact all the alternatives

4. Because he treats the world as rather empty, he is able to make decisions with relatively simple rules of thumb or tricks of the trade, or from force of habit These techniques do not make impossible demands upon his capacity for thought.

Thus, administrative man tries to be rational by satisficing, rather than maximising This model is based on reality because an administrative man does not work on the basis of perfect knowledge which is mostly a real situation The difference between administrative man and economic man is one of relative degree because under some conditions, satisficing approaches may be maximising, whereas in other conditions, satisficing and maximising are very far apart There are many social, economic, and organisational factors which put barriers on the capacity of maximisation through a particular decision Consequently the optimisation is the desirable course of action

Optimisation, thus, represents the real situation of decision-making behaviour As against this, maximisation represents very hypothetical position to assist in the analysis of economic theory This is why people have emphasised this approach both in economic theory as well as in organisation theory. For example, Cyert and March's substitution of acceptable level of profit for maximisation of profit,[14] Chamberlin's concept of ordinary rather than maximum profit,[15] and Gordon's idea of satisfactory profit[16] represent the administrative man model

Organisational Effectiveness *Versus* Managerial Effectiveness

While analysing the problem of effectiveness, the difference between organisational and managerial effectiveness can be made Such a distinction may be helpful in the sense that managerial effectiveness is a causal variable

13 Herbert A Simon, *Administrative Behaviour*, New York The Free Press, 1976, pp xxv-xxvi

14 R M Cyert and James G March, *A Behavioural Theory of the Firm*, Englewood Cliffs, N J Prentice-Hall 1963

15 Edward H Chamberlin, *The Theory of Monopolistic Competition*, Cambridge, Mass Harvard University Press, 1942

16 R A Gordon, 'Short-Period Price Determination in Theory and Practice,' *American Economic Review*, June 1948

in organisational effectiveness. The managerial effectiveness has been mostly defined in terms of organisational goal-achieving behaviour. For example, Guion states that the success of an executive lies largely in meeting major organisation goals through the coordinated efforts of his organisation; in part, at least, these efforts depend upon the kind of influence the executive has upon those whose work behaviour touches... The executive's own behaviour contributes to the achievement of organisational goals only by its influence on the perceptions, attitudes, and motives of other people in the organisation and on their subsequent behaviour.[17]

Managerial effectiveness, like organisational effectiveness, must be seen in terms of optimisation and not maximisation. The effective manager is an optimiser in utilising all available and potential resources--material, human, and financial--both within and without the organisation, toward its sustained, long-term functioning. Based on this, effective managerial job behaviour has been defined as 'any set of managerial actions believed to be optimal for identifying, assimilating, and utilising both internal and external resources toward sustaining, over the long term, the functioning of the organisational unit for which a manager has some degree of responsibility.[18]

Apart from the behavioural approach in describing managerial effectiveness, there is another approach in analysing managerial effectiveness. This approach takes into account the person concerned, his managerial process, and the result of managerial process, although all these three are interdependent.

1. *The Person* The basic question in this context is : what types of persons are most likely to become effective managers, and what types tend to fail ? There are various such studies to suggest the possible personal qualities of a successful manager. Jurgenson has depicted the characteristics of successful managers as follows.[19]

Most descriptive of successful key executive	*Least descriptive of successful key executive*
Decisive	Amiable
Aggressive	Conforming
Self-starting	Neat
Productive	Reserved
Well-informed	Agreeable
Determined	Conservative
Energetic	Kindly
Creative	Mannerly
Intelligent	Cheerful
Responsible	Formal

17 R M Guion, *Personnel Testing*, New York McGraw Hill, 1965, p 466

18 John P Campbell, *et al*, *Managerial Behaviour, Performance, and Effectiveness*, New York McGraw-Hill, 1970, p 105

19 C E Jurgenson, Report to Participants on Adjective Word Sort, Unpublished Report, Quoted in *Ibid*, pp 7-8

Enterprising	Courteous
Clear thinking	Modest

2. *The Process.* Managerial success depends upon managerial process involved in managing the affairs of the organisation. In this category, there is long list , however, following are some important behaviour of successful managers.[20]

1. They manage work instead of people
2. They plan and organise effectively.
3. They set goals realistically.
4. They derive decisions by group concensus but accept responsibility for them
5. They delegate frequently and effectively.
6. They rely on others for help in solving problems.
7. They communicate effectively
8. They are stimulus to action.
9. They coordinate effectively.
10. They co-operate with others.
11. They show consistent and dependable behaviour.
12. They win gracefully.
13. They express hostility tactfully.

3. *The Product* Effective managers and effective managing will lead inevitably to good things, that is, the achievement of goals for which they are working in the organisation. Thus, what will be the outcome depends upon the type of organisations they are working for. There is a lot of controversy on this aspect, and this has been discussed in detail earlier. This can further be stated that managerial behaviour must lead to the realisation of some sort of goals, whatever these may be and how these are measured In a survey of 1,072 managers by England, he found that managers had the tendency to attach the following items as significant for their effectiveness.[21]

Goal	*Percent of managers*
Organisational efficiency	60
High productivity	60
Profit maximisation	48
Organisational Growth	43
Industrial leadership	38
Organisational stability	17
Employee welfare	4
Social welfare	2

Factors in Organisational Effectiveness

Whatever the criteria for organisational effectiveness are adopted, the organisational analysis is incomplete for a practising manager unless the factors underlying effectiveness are identifying Though each individual's effectiveness is significant but perhaps the most important aspect of effectiveness is its relationship to an entire organisation From this point of

20 Campbell, etl *Op cit*, *p 8*
21 England *Op cit*

view, there are numerous variables. These variables have been classified by Likert into three groups – causal, intervening, and end result – which are useful in discussing organisational effectiveness over time.[22] Grouping variables into these categories aids greatly in the correct interpretation of the data and their use for diagnostic and other organisational purposes.

1 *Causal Variables* Causal variables are those factors that influence the course of development within an organisation and its results or accomplishment. Likert states that 'causal variables are independent variables which determine the course of developments within an organisation and the results achieved by the organisation. These causal variables include only those independent variables which can be altered or changed by the organisation and its management. Causal variables include the structure of the organisation and management's policies, decisions, business and leadership strategies, skills, and behaviour.[23]

2. *Intervening Variables* Intervening variables are those factors which are reflected as the internal state of organisation. Many of these variables are caused by causal variables. Likert states that 'the intervening variables reflect the internal state and health of the organisation, *e g.*, the loyalties, attitudes, motivations, performance goals, and perceptions of all members and their collective capacity for effective interaction, communication, and decision-making[24] The intervening variables may be divided into two broad categories . *(i)* the intervening attitudinal, motivational, and perceptual cluster, and *(ii)* the intervening behavioural cluster. Intervening variables are concerned with building and developing the organisation, and they tend to be long-term goals This is one part of effectiveness that many managers overlook because it emphasises long-term potential as well as short-term performance

3 *End-result Variables* End-result variables are those factors which are caused by causal and intervening variables and are often in terms of the factors in which managers are interested or measures their effectiveness According to Likert, 'end-result variables are the dependent variables which reflect the achievements of the organisation, such as its productivity, costs, scrap loss, and earnings[25]

Interrelationship Among Variables

The three variables – causal, intervening, and end-result – are interrelated The interrelationship may be visualised as psychological process where stimuli (causal variables) acting upon the organism (intervening variables) and creating certain responses (end-result variables) The causal, intervening, and end-result variables comprise a complex network with many interdependent relationships. The network concept contributes to an understanding of two points First, it helps to explain the difficulty when an attempt is made to classify different organisational variables into causal, intervening, and end-result categories Second, it helps to understand the

22 Rensis Likert, *The Human Organisation*, New York McGraw-Hill, 1967, pp 26-29
23 Rensis Likert, *Op cit*, p 29
24 *Ibid*, p 29
25 *Ibid*, p 29

deviation in the functioning of variables in accordance with the way they have been classified in the overall scheme The interrelationship among these variables can be presented in the following figure

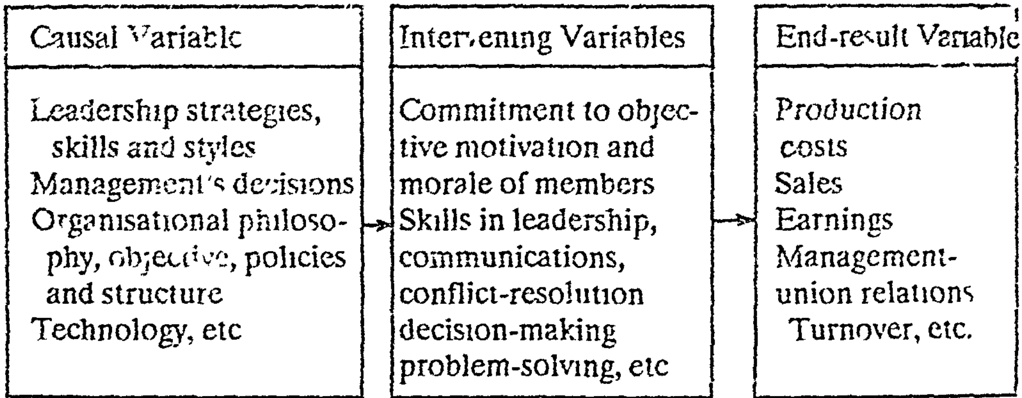


Fig 23.1 Relationship between causal, intervening and end-result variables

The above figure shows that the presence of causal variables yields intervening variables which, in turn, leads to end-result variables. This figure, however, is showing the relationship in grossly oversimplified form because, in actual practice, often it is quite difficult to make such a classification There may be a number of causal variables because of different ways in which an organisation can function and devise its course of action Each such way may affect the intervening variables and consequently the end-result variables The major items in the category of causal variables such as leadership principle employed, the characteristics of organisation structure, and the major assumptions concerning motivation, will prove to be causal in actual operation in most situations. It reflects that such causal variables are employed in an effective manner to achieve organisational effectiveness. Thus, causal variables are key to organisational improvement. Likert observes that 'attempts by members of the organisation to improve the intervening variables by endeavouring to alter these variables directly will be much less successful usually than efforts directed towards modifying them through altering the causal variables. Similarly, efforts to improve the end-result variables by attempting to modify the intervening variables usually will be less effective than changing the causal variables[26] Thus, to make organisation effective, the attempt should be directed to improve the causal variables, while other variables will be corrected or improved automatically because of causal variables.

The preceding model is quite simplified and hence does not reflect the actual working of organisation The effectiveness model can be presented in a more complex way giving managers an opportunity to identify the extent to which they can exercise control over the different variables in order to make the organisation more effective. The model can be presented in terms of causal, intervening, and end-result variables, however, such variables can be seen at

26 Rensis Likert, *Op cit*, p 77

three different levels--individual, group, and organisational.

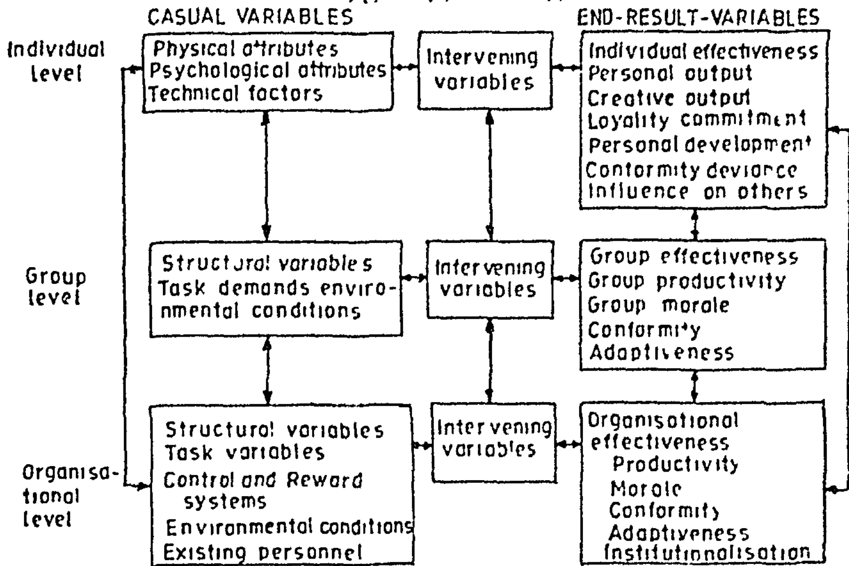


Fig 23 2 A complex model of organisational effectiveness

The different variables have been identified at three different levels and hence three levels of effectiveness. Many variables seem to be common, structural, task, and environmental, for example. These variables have been separated because they work in different ways at group and organisational levels. In this model, variables influencing effectiveness at the organisational level are influenced directly and indirectly by variables at the individual and at the group. The effective organisation is built of effective individuals who work effectively in groups. For example, the control and incentive systems instituted by the organisation depend on its individual members as well on the degree of autonomy granted to groups and divisions within the organisation.

There is a further complexity in the model. This is because of the dynamic nature of the organisation. Thus, what seems to be an end-result variable may not be truly like this This confirms earlier proposition that variables cannot altogether be classified into three categories Rather causality of variables has to be determined on the basis of organisational functioning As discussed in the previous chapter, organisational climate affects individual functioning in different ways For example, level of morale is an index of organisational end-result but this also affects the individual functioning in the organisation, and higher level of morale may result in higher level of individual output. Thus, dynamic concept suggests that even end-result variables may be causal variables and managers have to take into account this aspect too. This is reflected by the interaction of different factors in the model It should, however, be mentioned that all possible relationships are not necessarily to be examined in every case Whether or not the model would have any value for examination of a particular situation depends upon the number of variables it were necessary to consider in each box. It would be relatively simple to fill each box with a litany of possible variables even when considering a simple problem The most fruitful approach would be to allow for the uniqueness of the organisational problem being investigated by limiting the boxes to only

those variables relevant to the question. Thus, it is not necessary to complicate the model beyond what is required to provide a solution to the problem From this point of view, the application of model becomes more simplified than it looks.

Integration of Individual-Organisational Goals and Effectiveness

The extent to which individual and organisational goals are integrated affects the degree of organisational effectiveness Since individuals are the instruments through whom organisation achieves its objectives, it is necessary that both these goals are properly integrated. As discussed in Chapter 1, individual organisational goals may show a number of alternatives ranging from totally opposing to perfectly identical. In between these two points, there may be several points.

The integration of individual and organisational goals affects organisational effectiveness because each individual tries to satisfy his needs by working in the organisation. Thus, he may try to satisfy his own needs without taking into account the organisational needs if he is able to do so. Since, the organisation puts certain control mechanism, often he is not able to satisfy only his own needs without regard to organisational needs. Notwithstanding this, the integration of two goals will affect the organisational effectiveness because the individual is able to satisfy both goals simultaneously. He may see his need satisfaction in satisfying organisational needs This may further energise his activities. Since, there is not perfect integration of individual and organisational goals, organisational effectiveness is affected adversely.

Broadly three positions may be analysed in terms of degree of integration of organisational and individual goals, and the degree of organisational effectiveness. In the first case, when there is low degree of integration, that is low degree of fusion score, the degree of organisational effectiveness is also low as shown in Fig. 23 3

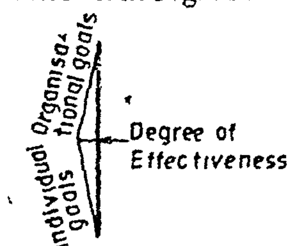


Fig 23 3 Low degree of integration of goals and low degree of organisational effectiveness

This is the situation where organisational members are opposed to the organisational goals In this situation, either organisation or individual may be able to satisfy its needs. There is a general disregard for the welfare of the organisation. Individuals see their goals totally opposed to the organisations and consequently only one set of goals can be fulfilled on the cost of the other. This results in low level of morale and performance In some cases, this results often in substantial losses, or draining off of assets. However, this position cannot last for long because either the individual will leave the organisation or the latter may substitute the individual, depending upon the circumstances and the external environment, or organisation may go out of action

In the second situation, there is moderate degree of integration of organisational and individual goals, and consequently there is moderate degree of organisational effectiveness as shown in Fig. 23.4.

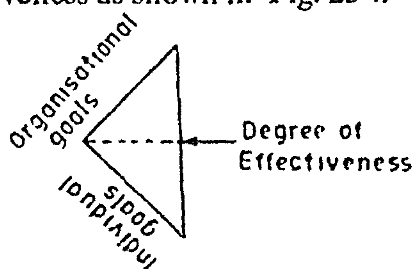


Fig. 23.4 Moderate degree of integration of goals and moderate degree of organisational effectiveness

In this case the organisational and individual goals are somewhat compatible but they are not exactly the same. The result of interaction between two sets of goals is a compromise, and actual performance is a combination of both.

In the third situation, there is high degree of interaction between organisational and individual goals, and consequently high degree of organisational effectiveness as shown in Fig. 23.5.

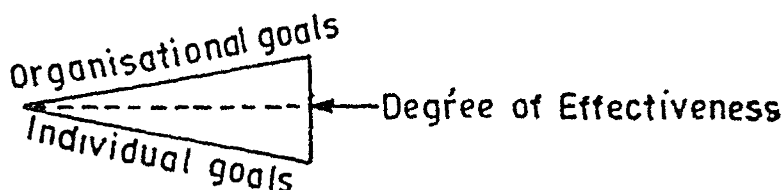


Fig 23.5 High degree of integration of goals and high degree of organisational effectiveness

In this situation, individual goals are identified with the organisational goals. The climate of the organisation is such that either of two things may occur. The individuals in the organisation may either perceive their goals being the same as the goals of the organisation or see their own goal' being satisfied as a direct result of working for the goals of the organisation. Consequently, closer the individual's goals with the organisational goals, the greater will be the organisational effectiveness This approach has led managers to devise organisational strategy, particularly in regard to management of personnel in the organisation that both sets of goals come nearer. Thus, this conceptual approach has given rise to a very important managerial technique 'Management by Objectives' which is both a technique as well as philosophy of the organisation.

While discussing the relationship between integration of organisational and individual goals and organisational effectiveness, a direct relationship has been established between the two. It should, however, be noted that organisational effectiveness is not the result only of integration of two goals, rather there are other causal variables affecting it, as discussed earlier. But human factor is one of the most important and the only active factor integrating other factors in the organisation. This analysis holds good from management of organisation point of view.

Effectiveness Through Adaptive-Coping Cycle

An effective organisation attempts to adapt itself to the environment. It implies that the organisation must develop a system through which it can cope with the environmental requirements. Schein has suggested that an organisation can do this through the adaptive coping cycle which consists of various activities which enable the organisation to cope with the dynamics of environment. Thus, for effectiveness, it is not sufficient that an organisation is efficient which is mainly an internal condition, it should also interact properly with the environment

Stages of Adaptive -Coping Cycle

Adaptive coping cycle, as its name suggests, is a continuous process However, its various stages can be identified to appreciate the points where the organisation may fail to cope adequately and, therefore, require the specific change action. There are six stages in this adaptive coping cycle

1 *Sensing of Change* The first basic stage in the cycle is the sensing of change in some part of the internal and external environment As will be discussed later, there may be many reasons for change in internal and external environment Failure to perceive changes in the environment or incorrectly perceiving the changes is the major factor for the failure of the organisation to cope with environment. Most of the organisations try to have adaptive subsystem, such as, marketing research, research and development, and other similar devices, for effective coping with the environment.

2. *Importing the Relevant Information.* The second stage in the cycle is the importation of relevant information about the change into those parts of the organisation that can act upon it. As discussed in chapter 2, the systems approach views organisation as input-output system and organisation takes material, energy, and information from the environment However, the decision of what inputs will be taken from the environment is not a simple one because organisations often fail to perceive the relevant inputs particularly the information.

3. *Changing Conversion Process* The organisation takes inputs for further processing, normally known as conversion process The conversion process should be modified according to environmental requirements as indicated by the information

4 *Stabilising Internal Changes.* The fourth stage of the cycle is to stabilise the internal changes while reducing or managing undesired byproducts, that is, taking care of undesired changes in related systems which have resulted from the desired changes This is necessary because each subsystem of the organisation is dependent upon others and change in one may affect others also but this effect may be positive or negative.

5. *Exporting New Outputs.* When the internal change is stabilised, the organisation comes in a position that it can export new outputs which are in accordance with the environmental requirements It means some different attempts may be required for exporting the new outputs If the organisation fails to adopt the new methods, it may become ineffective.

6 *Obtaining Feedback.* The last stage in the cycle is the obtaining of feedback on the outcome of the changes for further sensing of the state of the

external environment and the degree of intergration of the internal environment. This stage is very much related with the first stage because the process of sensing may be the same.

Failure at any of these stages may result into ineffectiveness. A successful coping suggests that all of the stages must be successfully negotiated. However, not all organisations may be able to do so but only those can be able to do so which meet certain criteria for successful coping Following are the major organisational conditions for effective coping.

1. For successful coping, the organisation requires communication system through which reliable and valid information may be passed.

2. There should be enough internal flexibility so that changes can be brought and absorbed by the organisation.

3. Successful coping requires integration and commitment to the organisational goals which provides willingness for change

4 There should be supportive internal climate which can support good communication, reduction in inflexibility, and stimulation of self-protection.

Maintaining organisational effectiveness requires additional efforts, specially when the major organisational changes take place because of such cases, planned change is required which is the subject-matter of the next and last chapter of the text.

DISCUSSION QUESTIONS

1 'There seems to be little agreement on the components or criteria of organisational effectiveness' Do you agree ? Discuss

2 'Measuring effectiveness is a critical but problematic issue in the study of organisations' Discuss

3 What criteria are used for judging the effectiveness of an organisation ? How does the degree of integration of goals affect organisational accomplishment ?

4 What is the difference between effectiveness and efficiency and between organisational effectiveness and managerial effectiveness ?

5 What are the various factors for achieving organisational effectiveness ? Do you agree with the view that it is difficult for organisations to be effective ?

6 'Most human decision-making, whether individual or organisational, is concerned with the discovery and selection of optimal alternatives' Do you agree with this ? How ?

7 What are the causal, intervening, and end-result variables in organisational effectiveness ? Discuss their relationships

8 What is adaptive-coping cycle ? What are its various stages ?

Organisational Change and Development

Theme

To understand basic nature of various changes in the organisation to make it effective

To identify the problems faced by growing organisations and to adopt suitable action for their management

To identify the general efforts made regarding OD in Indian organisations so that the various problems can be appreciated

To understand the strategy that can be adopted for organisational change

To understand behavioural implications of comprehensive change, that is, OD and make suitable attempt in this direction

Change is a necessary way of life in most organisations In fact, change is all around us—in the season, in social environment, and in biological processes. In the dynamic society surrounding today's organisations, the question of whether change will occur is no longer relevant. Instead, the issue is how do managers cope with the inevitable barrage of changes that confront them daily in attempting to keep their organisations viable and current. Organisations that do not adapt to change find it difficult or impossible to survive Since organisations must cope with change to survive, so too, must managers

Reasons for Organisational Change

There are a number of factors both external and internal which affect organisational functioning Any change in these factors necessitates changes in an organisation The more important factors are as follows ·

1. *Change in Environment* Every organisation exists in some context- 'no organisation is an island unto itself'. Each must continually interact with other organisations and individuals — the consumers, suppliers, unions, shareholders, government — and many more Each organisation has goals and responsibility related to others in its environment. Thus, not only must an organisation deal with its environment in conducting its affairs, but it must also give consideration to the goals of others as it establishes its goals and conducts its operations The present-day environment is dynamic and will continue to be dynamic Changes in social, political, economic, technological, and legal environment force organisations to change themselves Such changes may result in organisational changes like major functions, production process, labour-management relations, nature of competition, economic constraints, organisation methods, etc In order to survive in the changing environment, organisation must change

2 *Change in Managerial Personnel* Besides environmental changes there is a change in managerial personnel. Old managers are replaced by new managers which is necessitated because of retirement, promotion. transfer or dismissal Each manager brings his own ideas and way of working in the organisation The relationships, more particularly informal ones, change because of changes in managerial personnel. Moreover, attitudes of the personnel change even though there is no change in them. The result is that an organisation has to change accordingly

3. *Deficiency in Existing Organisations* Sometimes, changes are necessary because of deficiency in the present organisational arrangement and process These deficiencies may be in the form of unmanageable span of management, large number of managerial levels, lack in coordination between various departments. obstacles in communication, multiplicity of committees, lack of uniformity in policy decisions, lack of co-operation between line and staff, and so on

4. *To Avoid Developing Inertia.* In many cases, organisational changes take place just to avoid developing inertia of inflexibility. Conscious managers take into account this view that organisation should be dynamic because any single method is not the best tool of management at every time. Thus, changes are incorporated so that the personnel develop liking for change and there is no unnecessary resistance when major change in the organisation is brought up

In order to cope with the various factors necessitating change, organisations adopt the strategy for planned change Planned change in organisation relates to change attempt making suitable adjustment in all the related factors simultaneously

Objectives of Planned Change

The planned change is needed to meet the overall objectives of the organisation Since, there may be changes in the forces – both internal and external – affecting organisational functioning, the organisation has to make suitable change to meet its objectives Thus, objectives for such change may be twofold *(i)* modification of the organisation's mode of adaptation to changes in its environment, and *(ii)* modification of structure, technology, attitudes, values, and other behavioural construct of people in the organisation.

1 *Environmental Adaptation* Organisation is basically adaptive-coping system It has to work in environment which is marked by dynamic characteristics. Every organisation has a tendency to maintain balance and equilibrium. Because of changes in the environment, the organisational equilibrium is affected. If the changes are minor and come within the perview of existing programmes, the organisation will accommodate them automatically. However, if the changes cannot be adapted to the existing framework, the organisational equilibrium will be imbalanced and organisational effectiveness is adversely affected In this case, the organisation requires some innovation. This innovation is in the form of various changes which the organisation has to incorporate Simply because of this reason, every organisation has adaptive subsystem, such as research and development department, marketing research department, and so on

2. *Individual Adaptation* The second objective of planned change is to achieve individual adaptation The organisation cannot reach to the objective of its environmental adaptation unless some basic internal adaptation is achieved These internal factors may be individuals, organisation structure, technology, and task Individuals are the first in this context For organisational effectiveness, people have to change themselves so that they can cope with the requirement of changed circumstances Such changes may be required in their attitudes, communication system, way of behaving, leadership and work styles, and other relevant organisational behaviour Such changes must be made according to the need for the new situation

3 *Structural Adaptation* Organisation structure is the pattern of relationships among various positions and among various position holders. Structural adaptation involves changing the internal structure of the organisation This change may be in the whole set of relationships, work assignment, and authority structure Change in organisation structure is required because old relationships and interactions no longer remain valid and useful in the changed circumstances

4 *Technological Adaptation* The impact of recent technological development has forced the organisation to take into account the role of technology in organisational success In order to cope with the changed environment which may include technological factor as well, the organisation has to incorporate new technology. Thus, this technological adaptation forces directly the organisation to change its task

5. *Task Adaptation* Technological changes may bring many types of changes in organisational task. Task focuses on the job performed by the individuals in the organisation Since, there may be many new type of jobs, the existing job techniques may not be suitable Moreover, there may be new job load because of the job enlargement In such a case, a new equilibrium has to be found out which matches people with jobs In this matching process, there may be several problems which must be encountered by planned change

It can be observed that a change will bring disequilibrium in the organisation In order to achieve new equilibrium, the organisation has to modify many aspects of the organisation All these aspects are interrelated This is what the systems approach of organisation theory suggests Thus a systems approach to organisation change has to be followed For example, if an organisation is not able to face competition in the market because of its old technique of production and competitors with new technique, the only alternative to the organisation is to change itself according to the needs of the hour In this process, the organisation will acquire suitable technology When this technology is put into operation, it may change the job content completely, old jobs being replaced by new jobs This change requires change in people because they may not be able to work with new machine Such change may be brought either by recruiting new employees or training them for new jobs The second alternative may be preferable because there may

be environmental constraints on replacing old employees. Since, the job structure is changed, the internal relationship among people will have to be changed because old relationships may not be suitable. Thus, all these factors are interrelated and simultaneous changes have to be made in all these aspects. This is the basic objective of planned change in the organisation. Such interaction may be presented as follows.

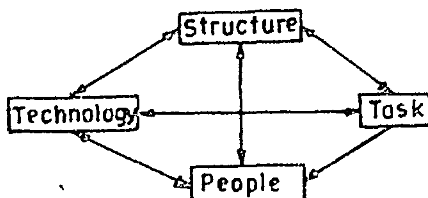


Fig 24 1 Factors in organisational change

Processes in Planned Change

In introducing planned change, the basic problem before management is to handle it in such a way that there would be necessary adjustment in various forces For this purpose, the manager who may act as change agent has to go through a particular process The planned change process may comprise three steps · planning for change, assessing change forces, and implementing change.

1. *Planning for Change* The discrepancy between what is happening and what should be happening creates the necessity of change When the need for change is identified in the context of analysis of forces lying in this discrepancy, there is a need for identifying alternative solution and appropriate implementation strategy to use in attempting to reduce the discrepancy.

Effective organisation change depends upon certain planning which must be undertaken first This includes the formulation of objectives, policies, and other plans which will specify the work the organisation is to accomplish All work done in the organisation must be pointed to the accomplishment of predetermined objectives, policies and programmes Preparation of plan for change ensures to a great extent the minimisation of loss in productivity and the maximisation of duration of the benefits of change. Moreover, it makes certain that a really suitable solution of the problem has come which has prompted change

2 *Assessing Change Forces* The planned change is not automatic, rather there are many forces in individuals, groups, and even in the organisation which resist such change Unless the co-operation of people is not ensured, any change process will not succeed For this purpose, the management has to create an environment in which change will be accepted by the people This problem is referred to the problem of overcoming resistance and will be taken later

In a group process, there are some forces favouring and some opposing to maintain an equilibrium This is referred to as 'field of forces' by Kurt Lewin[1] He assumes that in any situation there are both driving and restraining forces which influence any change that may occur Driving forces are those affecting a situation by pushing in a particular direction , they tend

1 Kurt Lewin, 'Frontiers in Group Dynamics Concept, Method and Reality in Social e, Social Equilibria and Social Change , *Human Relations,* June 1947 pp 5-41

to initiate a change and keep it going Restraining forces act to restrain or decrease the driving forces. Equilibrium is reached when the sum of the driving forces equals the sum of the restraining forces as shown in Fig. 24.2 The same type of field of forces applies to cause each individual's dynamic state of adjustment to his job. There may be three types of situations, as both driving and restraining forces are operating These are :

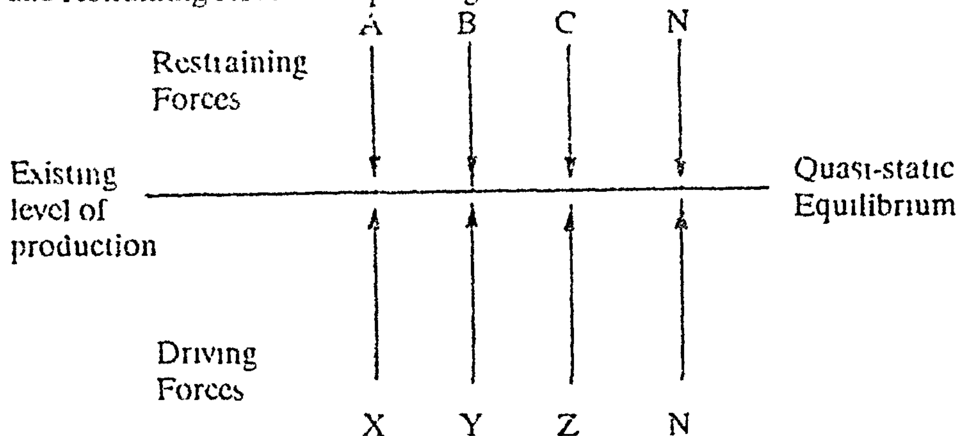


Fig 24.2 Lewin's force field diagram

(i) If the driving forces far outweigh the restraining forces, management can push driving forces and overpower restraining forces

(ii) If the restraining forces are stronger than driving forces, management either gives up the change programme, or it can pursue it by concentrating on driving forces and changing restraining forces into driving ones or immobilising them

(iii) If driving and restraining forces are fairly equal, management can push up the driving forces and at the same time can convert or immobilise restraining forces

Thus, basic problem before the management is to push driving and converting or immobilising restraining forces so that people accept change

3. *Implementing Change* If the driving forces are there or because of several efforts the management has been able to bring favourable condition it can implement the change. The implementation may put various change plans into action It may reflect into change in putting new machine to work, assigning new jobs, and prescribing new relationships

Human Reaction to Change

There is a close relationship between change and human attitudes Attitudes are important in determining the response to change because an employee's perception about the likely impact of a change on line depends upon his attitudes Sometimes, attitudes are not a matter of logic, but are entirely different from it thus, reaction to a change sometimes depends not upon logic, but upon feelings of how a change will affect one's need and satisfaction in the organisation This reaction to change may be in following forms :

1 *Acceptance* If an individual perceives that a change will affect him favourably, he accepts it.

2. *Resistance.* If the individual feels that the change will affect him unfavourably, he resists it Resistance to change becomes more forceful when the person concerned has a feeling that through resistance he may eliminate the change.

3. *Indifference* Sometimes people fail to realise the impact of change or they feel that they will not be affected by the change ; either way they remain indifferent

4 *Forced Acceptance* Sometimes people are forced to accept the change, though they may resist it at initial stages but when change forces overpower resistance forces people have to accept it.

Since attitudes determine the reaction and response to change, management must understand human attitudes towards change. However, understanding of human attitudes and their reaction to a change presents numerous problems Sometimes people do not know why they do or say something Feelings are a part of each man's personal make-up and cannot be judged apart from the person who has them. Though each person individually interprets change, he often shows his attachment to the group by joining with it in some uniform response to the change

Each group tries to maintain equilibrium. In trying to maintain equilibrium, a group develops responses to return to its perceived best way of life whenever any change occurs Each pressure, therefore, encourages counter-pressures within the group The result is that there is a self-corrective action, that is, people act to establish a steady state of need fulfilment and to secure themselves from disturbance of that balance. With the passage of time, each group develops a programme of action to accommodate changes which occur When a change is minor and within the scope of corrective action, the adjustment is fairly quick and routine, but when a change is major, more serious upsets occur.

RESISTANCE TO CHANGE

Though changes are necessary for successful organisational functioning, these are generally resisted by the people Individuals tend to resist many types of changes because new habits or sacrifices are required Similarly, social systems tend to resist change because of homeostasis Homeostasis implies self-correcting characteristics of organisation to maintain equilibrium as a result of change, that is, people act to establish a steady state of need fulfilment and to secure themselves from disturbance of that balance When change is minor and within the scope of correcting programme, adjustment is fairly routine, but when a change is major or unusual, more serious upsets may occur This leads to general proposition that people and their social systems will often resist change in organisations. In fact, fear of change can be as significantly disrupting as change itself, because it produces identical symptoms.

Although, people tend to resist change, this tendency is offset by their desire for new experience and for the rewards that come with change. Thus, all changes are not resisted In fact, people want changes which are favourable to them Moreover, resistance to change is not necessarily an undesirable human response, nor is change always a positive good ·Resistance to change forces

change agents (managers, specialists, etc.,) to take a realistic view of change and they can more precisely define its objectives, expected results, and negative aspects. It also gives opportunity to focus attention on change accepted.

Factors in Resistance to Change

There are many factors responsible for resistance to change. Degree and force of resistance depends upon how people feel about change. Thus, there may be real impact of change on people or there may be emotional feeling towards the impact of change. People generally resist change because of the following factors :

1. Perhaps the most important factor to resistance to change is the problem of adjustment. As discussed earlier. each organisation tries to maintain equilibrium When change comes, it requires people to make new adjustment as organisation seeks a new equilibrium. Adjustment depends upon how people interpret the impact of change If a change affects one's position, status and authority relationships adversely, he resists it. Moreover, in each change he has to change his way of working, which he dislikes because it presents numerous difficulties to him

2 Another factor which brings resistance to change is the effect of change on individual's level of need satisfaction. If change bridges or takes away satisfaction of an individual's economic, psychological, and social needs, he will resist the change Resistance to automation is obvious because people feel that they may lose their jobs if automation is introduced.

3. Sometimes, individuals resist change because the group to which they belong resists it Though each person interprets change individually, often he expresses it through a group. The degree and force of resistance will depend upon how loyal one is to the group and how effectively group resists the change Generally, the members of a group are influenced by its codes, patterns, and attitudes. Resistance to rationalisation collectively by labour in India is an example of group resistance

Besides, a person's emotional reasons for resistance to change are also important. Emotional reasons are more of a type of class interest. For example, if labour treats management as a different class in the organisation, it will resist any change by the latter, whatever be the nature of change However, behind emotional resistance, there are certain fears of adverse effect because of lack of confidence in the change agent. Such fears may be in the following forms :

1. *Economic* These fears may be technological unemployment, reduction in monetary compensation, demotion, etc.

2. *Personal.* These are implied criticisms of present method, reduction in personal importance, greater specialisation resulting in freedom, monotony, and decreased sense of worthwhileness and unknown impact of change

3 *Social* These are dislike for new adjustments, breaking present social relationships, reduced social satisfaction, feeling of outside interference in the form of change agent, and feeling that change is to benefit the organisation rather than benefiting individuals

Thus, logical resistance is easier to overcome as compared to emotional one because latter depends upon class interest. Researches show that resistance to change tends to focus on human relations problems, rather than the technical aspects of change, people resist the way change affects them, rather than resisting technical requirement of change Thus, the force of resistance to change will be determined by the effect of change on people's need satisfaction, and how change agent brings the change.

Overcoming Resistance to Change

The basic problem in organisational change is the resistance of people to change, whether reasonable or otherwise As discussed above, while implementing the change, the manager has to overcome this resistance to change Unless this resistance is overcome properly, the effect of the change may not be as functional as envisaged by management. In many cases, even the impact of a change may be quite dysfunctional if resistance is overcome through the use of formal authority Thus the role of formal authority may not be quite effective all the times.

Problem of overcoming resistance to change can be handled at two levels: at the level of individual and at the level of group, that is, through group dynamics Though both these attempts are complementary, sometimes these efforts may be overlapping because every individual is a member of some or of a group, both at the formal and informal levels.

Efforts at Individual Level

A change is likely to affect some people in some way. It may affect only a few while others may not be affected When the resistance comes from the people at individual levels, the problems can be solved at the same level. For this purpose, the following efforts can be taken :

1 *Involvement.* Involvement is a procedure or process through which those who are affected by the change are brought to understand the change This is not a one-time action, rather, should be looked upon as a dialogue which continues over a period of time. It implies explanation and then discussion of the proposed changes It includes finding out from the members how they interpret the proposed changes and what they think about them The fundamental idea in this process is to encourage the person to say something about any aspect of the change People always have some ideas and opinions about what is going on in the world and more specially if it touches them personally Getting opinions out in the open, so that they are looked at and evaluated, is an important trust-building task As this process goes, the level of resistance to change tends to decrease, understanding of change increases and personal involvement in the change increases

2 *Obtaining Commitment* Commitment is an agreement to take an active part in the actual mechanics of the change Commitment to take part in the change programme can be obtained in private from each individual However, sometimes, getting a man to commit himself in private to a change programme may yield fewer results than if he voluntarily and publicly gives his commitment to an idea of change. The decision to commit oneself is a dynamic process. It grows slowly along with relationship

3. *Leadership* The role of leadership in getting acceptance for a change is very important, as a capable leader reinforces a climate of psychological support for change. A manager as weak leader presents change on the basis of the impersonal requirements of the situation, but a strong leader manager can use personal reasons for change without arousing resistance. An effective leader tries to time a change to fit the psychological needs of his followers. Thus, most of the times either the subordinates do not resist or if they resist, the leader tries to overcome this resistance by leadership process.

4. *Training and Psychological Counselling* The management can change the basic values of the people by training and psychological counselling. People should be educated to become familiar with change, its process, and working. They must be taught new skills, helped to change attitudes, and indoctrinated in new relationships. Such educational process can be aided by training classes, meetings, and conferences. However, to become effective, education must be part of the manager's everyday activity on the job. This helps in creating receptive environment in the organisation.

Role of Group Dynamics

Although agreement to a change can be obtained individually, it is more meaningful if it is done through group. Usually more than one person is involved in the change. Though each person interprets the change individually often he expresses it through a group. Thus, instead of solving the problem at the individual level, it is desirable at the group level to get better acceptability of change. Group dynamics offers some basic helps in this regard. For using group as a means of overcoming resistance to change, its basic nature must be understood so that its effective use can be made.

Nature of Group as a Means of Change

Cartwright has identified the following characteristics of group as a means of overcoming resistance to change :

1. If both change agent and the people target for change belong to the same group, the role of group is more effective.[2]

2. If the people have more cohesiveness and strong belonging to the group, change is easier to achieve.

3. The more attractive the group is to the members, the greater is the influence of the group to accept or resist a change.

4. Group can exert more pressure on those factors of the members which are responsible for the group being attractive to the members. Normally, attitudes, values, and behaviour are more common factors determining the group attractiveness.

5. The degree of prestige of a group, as interpreted by the members, will determine the degree of influence the group has over its members.

6. If any attempt is made to change any individual or some individuals which deviates the group norms, there is likelihood of the change attempt being resisted by the group.

Based on these characteristics of group as a means of change, the

2 Darwin Cartwright, 'Achieving Change in People: Some Implications of Group Dynamics Theory,' *Human Relations*, April 1951, pp 388-391

managers can form strategies for overcoming resistance in the following manner :

1. *Group contact.* Any effort to change is likely to succeed if the group accepts that change For this purpose, the group itself should be the point of contact The group contact offers some specific advantages : *(i)* Through groups, one can communicate with more people per unit of time *(ii)* In group there may be some person who may support the idea for change even if it is resisted by others if the change agent belongs to the same group *(iii)* Group can get at the basic problem very rapidly as compared to the single individual. The same is true for problem-solving

Through the group contact, many things about change can be made clear – such aspects as the reasons for change, benefits of change, and how the benefits of the change will be shared among organisation and its members For this purpose, meaningful and continuous dialogue is necessary. Free flow of information helps people to understand the real picture of the change and many misunderstandings may be avoided. Even if only some of the members are affected by the change, taking of whole of the group into confidence helps in maintaining a co-operative attitude Research studies also support this aspect

2 *Participation* Participation helps to give people involved in the organisational change a feeling of importance. It makes people feel that the organisation needs their opinions and ideas and is unwilling to go ahead without taking them into account. Those people who are directly affected by the change should be given opportunity to participate in that change before the final decisions are reached However, mere participation may not help The organisation must regard the participation as meaningful and share the results of the change with its members This is more important in the case of workers who themselves treat a separate group and do not identify with the management It would be prudent for management to take labour representatives into confidence before implementing any change. They must be made a party to the change rather than an agent for resistance to change.

3 *Group Dynamics Training for Change.* Group dynamics also helps in providing various training programmes for accepting and implementing change. The laboratory method provides a setting where group processes can be studied intensively It purports to train group members to recognise which processes are suitable to the task, what the results are, and how members contribute Such training techniques include role playing, psychodrama, and sensitivity of T-group training Such training techniques provide understanding of behaviour, thereby the people can build up the climate based on mutual trust and understanding so essential for bringing organisational changes successfully

Change Agents

Any planned change needs change agents. These are the persons who initiate change in the organisation. Behavioural scientists have taken frequently somewhat divergent positions on the question of who should initiate an organisational change, what type of person this would be and what methods should be followed. Though management as a whole is involved with

innovation as a continuing process, its role is somewhat limited to regular change In a planned change, however, they type of requirements may be different and internal management has to take the help of external change agents. Thus, there may be two types of change agents : external and internal.

External change agents are in the form of consultants for change. These are the persons who are normally experts in the specific area of organisational change. The internal change agents are from the existing organisational personnel, from any level or department, depending upon the needs of the change Often both these agents work in harmony A good deal of interaction in early contacts between internal and external change agents is implicitly related to developing a relationship of mutual trust so that each of them can understand the views of others Afterwards, the internal change agents are trained by the consultants to implement the change as an ongoing process For this purpose, the consultants devise certain change strategy

Role of Change Agents

The objective of the change agents is to bring desired change in the organisation However, for this purpose, a specific role is required to be performed by the change agents, both outside and inside. Since relative positions of these change agents may be different in organisational context, their roles may also be different in the change process

1. *Role of External Change Agent.* The external change agent is in a position to view the organisation meant for change from a total systems viewpoint, and is much less affected by organisational norms He is likely to have easy access to top management since it is the top management on whose initiative the consultant is contacted Depending upon the situation, the role of external change agent may vary because he is engaged by an organisation for certain specific activities The role of consultant may include diagnosis of the situation, planning strategy for change, intervening in the system for change, and even the evaluation of the change efforts in the context of various outcomes From this point of view, the role of consultant may be quite comprehensive However, the change programme will be successful only when the consultant is given the role of process consultation and the rest of the programme is implemented by the organisation itself with the help of the consultant. Schein observes that problems will stay solved longer and be solved more effectively, if the organisation solves its own problems The consultant has a role in teaching diagnostic and problem-solving skills but he should not work on the actual concrete problem himself[3] Maheshwari has identified the role of consultant in installing Management by Objectives (MBO), a programme for organisational change, as follows *(i)* education of the top management , *(ii)* organisational diagnosis, *(iii)* formulation of implementation strategy , *(iv)* selection, training, and supervision of MBO advisers , *(v)* training of managers , *(vi)* process consultation at the top level,

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3. Edgar H Schein, *Process Consultation, Its Role in Organisation Development,* Reading Mass Addison Wesley 1969 p 6

advisory capacity whereas he has performed his functions in line manager capacity where order is given. Now since he cannot issue order, he has to depend more on his persuasive capability. He has to achieve the performance in terms of influencing members of the organisation to accept and internalize the new values, concepts, and practices without the formal authority over them Given the character of organisational life, the change agent needs to develop skills to negotiate, persuade, mobilise, and use power for the process of his role. It suggests that he must be trained as such so that he can find out the alternatives of formal authority in the organisation. From this point of view, it is important that change agents are selected carefully. Walton has described some qualities of change agents which are : *(i)* diagnostic skills, *(ii)* behavioural skills in breaking impasses and in interrupting repetitive interchange, *(iii)* attitudes of acceptance and *(iv)* personal qualities to provide emotional support and reassurance [6]

Organisational Failure to Change

Not only individuals and groups within an organisation resist change but the organisation may also resist many changes because of certain reasons Many organisations are designed to innovation-resisting. To ensure reliability of prescribed operation, the organisation may create strong defences against change. Moreover, in many cases, the change may be counter-productive. It suggests that all changes for a particular organisation may not be functional The following are the major factors because of which the organisation does not incorporate change

1. *Stability of Systems* The organisation may design a system through which it may derive many benefits. The system is stabilised and any change may be perceived a threat by the organisation itself. For example, a bureaucratic organisation has certain fixed rules, prescribes rigid authority relationships, and institutes reward and punishment system. All these work in some circumstances If the change is required in these aspects, the organisation may not bring it easily because it is accustomed to a particular system.

2 *Resource Limitations.* No doubt, the organisation has to adapt to its environment but the adaptation has its own cost. If the organisation is not fully equipped for meeting such demands, it may not be possible for the organisation to bring necessary change. For example, if new technology is adopted, it will require resources to procure machine, building, training for its personnel, and commensurate expenses on other items also.

3 *Sunk Cost.* Most of the organisations have sunk cost involved in various assets Once the assets are acquired, these can be used for specific period. Now, if the change is required, what will happen to these assets ? Naturally, the organisation will like to make a comparison between the outcomes of changed programme and continuing with the old programme in the light of this sunk cost. Sunk cost cannot be only in terms of various physical things This can be in the form of people also If an individual is not making commensurate contribution, it is not necessary that his services are

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6 R Walton, *Interpersonal Peace-making, Confrontation and Third Party Consultation, Reading* Mass Addison-Wesley, 1969, p 131

done away with In such a case, the organisation has to pay for his services though these may not be as useful.

4. *Interorganisational Agreements.* The organisation interacts with its environment. In this interaction process, it may enter into agreement with other organisations over certain aspects of working Thus if any change is to be incorporated, the organisation has to take into account the wishes of other organisations too It is not necessary that other organisations also agree with the change proposal For example, the organisation may enter into agreement with labour union about not bringing technological change Thus, the organisation is bound by this agreement and technological change is not possible. Similarly, such cases arise when the organisation has such obligations

It does not, however, mean that the organisation will always resist change. It depends more on the style of top management. If it is risk-taking, forward-looking, innovative, and has zeal for progress, the organisation may take change programmes much more frequently.

Organisational Growth and Change

Organisational change, discussed so far, relates to the problems in organisations that are already established For new and emerging organisations, the issues are different in that they deal with organisational problems of different nature. New organisations face several simultaneous issues; they must be both able to get the task accomplished and at the same time build the structures that bring order to their key social and decisional processes. Though management of growth is essentially one measure of change, growth has been handled in a number of different ways by different authors, and they have developed different models to deal with the problems of organisational growth.

Stages of Organisational Growth

Most of the writers dealing with the problems of organisational growth agree that all organisations follow similar pattern of growth. They also agree that growth can be conveniently classified into various stages and at each stage the organisation is required to solve some specific problems However, there is lack of agreement about these stages, the problems concerned, and the methods of their solution. For example, Coffey, Athos, and Raymonds agree that every new organisation has a life cycle consisting of three stages These are formation and development stage, stabilisation and dynamic equilibrium stage, and change or decline and dissolution stage[7] In the formation and development stage, the basic task before the organisation is the accomplishment of an increase in output In the stabilisation and dynamic equilibrium stage which is a middle stage for organisations, output tends to stabilise In the last stage of change or decline and dissolution, the organisation has to adjust or change to maintain its growth or will face decline and dissolution

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7 R E Coffey, A G Athos, and E A Raymonds, *Behaviour in Organisation,* Englewood Cliffs, N.J Prentice Hall, 1975

A variation on this theme is expounded by Lippitt and Schmidt [8] They suggest that there are three developmental stages in an organisation : birth, youth, and maturity. The critical concern at the birth stage is to create a new organisation and to survive as a viable system ; at the youth stage is to gain stability and to gain reputation and develop pride . and at the maturity stage is to achieve uniqueness and adaptability and to contribute to society. Some organisations succeed in reaching higher stages of development than others. Organisations usually go into decline only because management fails to notice the need for change or because of drastic changes in the external environment.

A very useful model of organisational growth has been developed by Greiner.[9] He argues that each organisation moves through five phases of development as it grows. Each phase contains a relatively calm period that he calls an evolutionary phase, which is ended by a management crisis marked by a substantial amount of internal turmoil According to Greiner, 'each evolutionary period is characterised by the dominant management style used to achieve growth, while each revolutionary period is characterised by the dominant problem that must be solved before growth will continue,[10] Since each phase is strongly influenced by the previous one, a knowledge of the organisation's history can aid management in determining its future

The key dimensions used in this model are size and age The age of an organisation is critical because problems and decisions are rooted in time. Historical studies can gather data from different time periods and make comparisons to provide insight. The size of an organisation is directly related to problems and solutions of matters such as sales volume, coordination and communication If the size remains fairly stable, it can maintain the same management practices for long periods. Fig 24 3 presents the various stages of organisational growth.

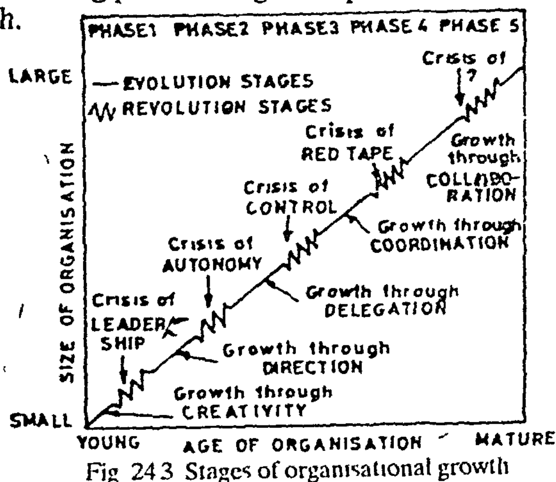


Fig 24 3 Stages of organisational growth

8 Gordon L Lippitt and Warren H Schmidt, 'Crises in a Developing Organisation,' *Harvard Business Review*, Nov-Dec , 1967

9 Larry Greiner, 'Evolution and Revolution as Organisations Grow', *Harvard Business Review*, July-August, 1972, pp 37-46

10 *Ibid*, p 40

As illustrated in Fig. 243, there are five phases in organisational growth—creativity, direction, delegation, coordination and collaboration followed by a particular crisis and management problems.

1. *Creativity Stage.* Growth through creativity is the first phase This phase is dominated by the founders of the organisation and the emphasis is on creating both a product and a market. Generally these founders are technically and entrepreneurially-oriented and they absorb their mental and physical energies entirely in producing and selling a product. However, as the organisation grows in size and complexity, the need for greater efficiency cannot be achieved through informal channels of communication. Thus, many managerial problems occur which the founders may not solve effectively either because they may not be suited for the kind of job or they may not be willing to handle such problems. Thus, a crisis of leadership emerges and the first revolutionary period begins. Such questions as "who is going to lead the organisation out of confusion and solve the management problems confronting the organisation ; who is acceptable to the founders and who can pull the organisation together arise. In order to solve these problems a new evolutionary phase—growth through direction—begins.

2 *Direction Stage* When leadership crisis leads to the founders relinquishing some of their power to a professional manager, organisational growth is achieved through direction. During this phase, the professional manager and key staff take most of the responsibility for instituting direction, while lower level supervisors are treated more as functional specialists than autonomous decision-making managers Thus, directive management techniques enable the organisation to grow, but they may become ineffective as the organisation becomes more complex and diverse Since lower level supervisors are most knowledgeable and demand more autonomy in decision-making, a next period of crisis—crisis for autonomy-begins. In order to overcome this crisis, the third phase of growth—growth through delegation—emerges

3 *Delegation Stage* Resolution of crisis for autonomy may be through powerful top managers relinquishing some of their authority and a certain amount of power equalisation When the organisation gets to the growth stage of delegation, it usually begins to develop a decentralised organisation structure which heightens motivation of the lower levels. However, with decentralisation of authority to managers, top executives may sense that they are losing control over a highly diversified operation Field managers want to run their own shows without coordinating plans, money, technology, or manpower with the rest of the organisation and a crisis of control emerges. This crisis can be dealt with the next evolutionary phase—the coordination stage

4 *Coordination Stage.* The crisis of control often results in a return to centralisation, but this is now inappropriate and creates resentment and hostility among those who had been given freedom Thus, instead of centralisation, coordination becomes the more effective method for overcoming crisis of control. The coordination phase is characterised by the use of formal systems for achieving greater coordination with top management as the watch

dog The new coordination systems prove useful for achieving growth and more coordinated efforts by line managers, but result in a task of conflict between line and staff, between headquarters and field Line becomes resentful of staff, staff complains about unco-operative and uninformed line managers ; and everyone gets bogged down in the bureaucratic paper system Procedure takes precedence over problem solving ; the organisation becomes too large and complex to be managed through formal programmes and rigid systems Thus, crisis of red-tape begins. In order to overcome the crisis of red tape, the organisation must move to the next evolutionary stage – the collaboration stage

5. *Collaboration Stage* The collaboration stage involves more flexible and behavioural approaches to the problems of managing a large organisation Greiner observes that while the coordination stage was managed through formal systems and procedures, the collaboration stage 'emphasises greater spontaneity in management action through teams and skilful confrontation of interpersonal differences Social control and self-discipline take over from formal control [11] Though Greiner is not certain what will be the next crisis because of collaboration stage, he feels that some problems may emerge as it will 'centre around the psychological saturation of employees who grow emotionally and physically exhausted by the intensity of teamwork and of the heavy pressure for innovative solutions [12]

Hersey and Blanchard, however, feel that to overcome and even to avoid the various crises, managers could attempt to move through the evolutionary periods more consistently with the sequencing that situational leadership theory would suggest–direction to coordination to collaboration to delegation–rather than the ordering depicted by Greiner [13] Though, there may be controversy and disagreement over the sequencing arrangement of various actions and styles, the growth clearly presents problems of adjustments for the organisations As organisations grow and evolve, they change and present the problems of management of change, and ultimately the organisation's policies, procedures, structure and so on, may have to change Thus, ultimate problem before every organisation is change and development which can be solved by the methods described in this chapter

ORGANISATION DEVELOPMENT

Although a liberal interpretation of the words organisation development (OD) could refer to a wide range of strategies for organisational improvement, the terms have come to take on some fairly specific meaning in management literature and in practice It can be said only fairly specific because the boundaries are not entirely clear, perceptions of different authors and practioners vary somewhat and the field is evolving

In organisation change, a basic problem involved is the changing of the attitudes of people in such a way that under changed conditions, they are effective As such an organisational change requires the alteration in each person's entire formal and informal role set to support the change. If there

11 Larry Greiner, *Op cit*, P 43

12 *Ibid*, p 44

13 Hersey and Blanchard, *Op cit*, p 302

is an attempt to change an individual alone, he is merely placed into r conflict because his peers, staff specialists and others retain the same ı expectations of him.[14] A job change is fully supported only when the jo entire role set is revised to support the change. In the 1960's a new a integrated type of method known as 'organisation development' (O originated to bring change in the entire organisational aspect.

Organisation development can be defined as a technique for bringi change in the entire aspect of the organisation, rather than focusing attenti on individuals, so that change is easily absorbed. According to Bennis, C has the following characteristics :

1. It is an educational strategy for bringing planned change.
2. It is related to real problems of the organisation.
3. Laboratory training methods based on experienced behaviour a primarily used to bring change.
4. Change agent applying OD technique for change is external to t forms of consultants
5 There is a close working relationship between change agents and tl people who are being changed. The relationships involve mutu trust, joint goals and means, and mutual influence.
6. The change agents share a social philosophy about human value They are humanists seeking to get a humanistic philosophy in orgai isation [15]

Thus, the organisation development strategy goes beyond the persona development strategy because it has organisation change as its explicit, centra focus and sees the change of individuals through training as a means c organisation change This strategy addresses the question what organisatio needs to learn to achieve a particular change, and assesses the training need required for the change The people are trained accordingly with mor emphasis on human relations. This is used for more general and lasting ain of developing the organisation's own training function rather than accom plishing an immediate discrete change The aim is to achieve in the organisa tion a pervasive sense of continuous development and heightened receptivity and readiness for change.

One way of conceptualising the fullest possible scope of major targets of organisation development is to view the organisation as an iceberg composed of two major components – covert and overt [16] As with any iceberg, there are overt components which physically stand out and are easily observable, and there are covert components which remain obscure and often hidden from observer's eyes. Similarly, the overt components of organisation are easily observable but covert components are hidden. Such overt components are : organisational structure, job titles and descriptions, formal authority networks, span of control and hierarchical levels, organisation's

14 Robert L Kahn, *et al, Studies in Organisational Stress,* New York John Wiley, 1964

15 Warren G Bennis, *Organisation Development Its Nature, Origin and Prospects,* Cambridge Mass Addison Wesley, 1969, pp 10-11

16 Richard J Selfridge and Stanley L Sokolik, 'A Comprehensive View of Organisation Development, *M S U Business Topics,* Winter 1975, pp 46-61

strategic objectives, operating policies and practices, planning information system, personnel policies and practices, and physical and monetary measurements. Covert components are : emergent power and influence patterns, personal views of organisational and individual competencies, patterns of interpersonal group and divisional relationships, work group sentiment norms, perception of linkages, trust, openness, risk-taking behaviours, individual role perceptions and value systems, emotional feelings, needs, desires, effective relationships between boss and subordinates and human resource accounting measurements. In analysing organisational iceberg, the manager should seek organisational change and make decision regarding organisation development considering the overt and covert dimensions. These dimensions will specify the need for change and training for change.

Need for OD

There are two major factors which have caused the use of OD as a technique for planned change. These are as follows :

1. Training for change does not work properly only through reward structure on the job, unless there is a proper change in the environment of organisation in which people work The old mores and structures of the organisation do not support training adequately, and trained people even fail to bring the desired change. This requires a change in the organisation environment so that it supports training This is the basic objective of OD.

2. In the dynamic environment, the change is extremely rapid. This requires a highly receptive and effective organisation so that changes are implemented and absorbed to keep organisations survive and prosper. OD tries to make organisation receptive and effective. As Keith Davis has observed, "it (OD) tries to free up communication tightness by increasing the amount, trust, and candour of communication It seeks to build problem-solving capacity by improving group dynamics and problem confrontation. In short, it reaches into all aspects of organisation culture in order to make it more humanly responsive."[17]

Besides, the two above factors necessitating the origin of OD, it brings some other benefits in the organisation More important of these are : emphasis on rationality and objectivity, focus on shared authority, creation of social organisation, emphasis on long-range planning and strategy, taking advantage of organisational conflicts, and more widely dispersed improvement.

Limitations of OD

As a method of inducing change, organisation development has certain limitations. These are as follows :

1 Organisation development can be no more powerful than the behavioural science concepts on which it rests. Behavioural science itself has various limitations, and these are applicable to OD also

2 There are some persons, specially complacent ones, who are not prepared to apply diligence of effort for improvement and the methods of

17 Keith Davis *Op cit*, p 190

the managerial grid as a theoretical framework to understand behaviour dynamics of organisation's culture, study of the dynamics of the actual work-team, launching similar activities in different units engaging the top team, implementation tactics for transforming the organisation into the above model, and measurement of changes Beckhard[19] provides five steps diagnosis, strategy planning, education, consulting and training, and evaluation French and Bell[20] have identified three components : diagnosis, action, and process maintenance Lawrence and Lorsch[21] provide four steps . diagnosis, planning, action, implementing action, and evaluation. Lippitt[22] has provided three steps crisis, process of interfacing and appropriate response. Margulres and Raia[23] have identified three steps . data gathering, organisational diagnosis, and action intervention. Abad Ahmad[24] has identified six steps in OD : motivation for change, data collection problem, identification and diagnosis, planning strategy for change, intervening in the system, reinforcement and followup and monitoring and evaluation

The difference in the various steps as described by various scholars and practitioners is due to the defining scope of a particular step Moreover, since OD is an organising interactive process—a process is an identifiable flow of interrelated events moving over time towards some goal—many of the events overlap, and in real practice, a clear-cut demacration between various events becomes difficult In OD programmes, various steps may be problem identification and diagnosis, planning change strategy, intervening in the system, and evaluation. These steps are not exclusive to each other and do not follow the same sequence but interact with each other

1. *Problem Identification and Diagnosis.* OD programme leads to meet a certain objective in the organisation because OD is a means and not an end in itself. Thus, it attempts to solve some organisational problem The problem may be a gap between desired path of action and actual path of action, that is, the organisation fails to meet its objectives on a long-term basis OD programme starts with the identification of the problem in the organisation. Analysis of various symptoms both overt and covert may help in identifying the problems Diagnosis gives correct identification of the problem and its causes and determines the scope of future course of action Diagnosis in OD involves a number of techniques concerned with identifying concerns and issues, establishing priorities, and translating them into aims and objectives. At this stage itself, the collection and analysis of data is undertaken. Major

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19 R Beckhard, *Organisation Development Strategies and Models,* Reading, Mass Addition-Wesley, 1969, p 9

20 French and Bell *Op cit*

21 P R Lawrence and J W Lorsch, *Developing Organisation-Diagnosis and Action,* Reading, Mass Addison-Wesley, 1969, p 89

22 G L Lippitt and B W Watson, *The Dynamics of Planned Change,* New York Hartcourt Bruce & Ward, 1958, pp 6-29

23 Newton Margulies and A P Raia, *Organisational Development,* New Delhi Tata McGraw Hill, 1975, p 129

24 Abad Ahmad, *Management and Organisational Development,* New Delhi Rachna Prakashan, 1972, pp 107-109

consideration is given to the techniques and methods used to desirable organisation system, the relationships between the elements or sub-systems, and ways of identifying major problems and issues.

The need for change can be visualised in terms of organisational objectives If the organisational objectives are being achieved, generally there is no need for a change Likert[25] has given two important potential variables for discrepancy—output/end-result variables and intervening variables :

(i) End-result Variables In examining end-result variables, the basic questions are : Is the organisation group, or individual doing an effective job, in what they were asked to do, that is production, sales and so on ? Are short-term goals being accomplished ? These questions are related to find out whether the end result is satisfactory. If the result is not as expected, obviously there is a need for change.

(ii) Intervening Variables These are the conditions of human resources and are identified in the context of end-result variables. For example, high rate of turnover, absenteeism, tardiness, accident, grievances and so on are intervening variables The analysis of such factors as leadership, motivation, communication, commitment to objectives, morale, level of maturity of people, need hierarchy, motivating factors, etc , is helpful in identifying the problems in this area

Problem identification flows almost immediately into analysis Once a problem is identified, the analysis will show why the problem exists. The analysis will identify the variables that can be altered or changed by the organisation and its management, such as leadership style, organisation structure, organisational objective, etc. In other words, analysis brings the identification of environment that has caused problems.

2 *Planning Strategy for Change.* When the problems are diagnosed, the OD practioner – either consultant or management, but preferably consultant—plans the various courses of action in OD. Attempts are made to transform diagnosis of the problem into a proper action plan involving the overall goals for change, determination of the basic approach for attaining these goals, and the sequence of detailed scheme for implementing the approach. Although it is a relatively simple matter to identify changes after they have occurred, it is considerably more difficult to influence the direction thrust of changes while they are under way. Thus, planning and implementation of change are interdependent ; the way in which change is planned has an impact on the way in which it is carried out, and conversely, the problems of implementing change have an impact on the way in which it is planned

3 *Intervening in the System.* Intervening in the system refers to the planned programme activities during the course of an OD programme. These planned activities bring certain changes in the system which is the basic objective of OD. There may be various methods through which external consultant intervens in the system, such as education and laboratory training, process consultation, team development, etc , which will be discussed later

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25 Rensis R Likert, *The Human Organisation*, New York McGraw-Hill, 1967

4 *Evaluation* This step relates to evaluate the results of OD programmes so that suitable actions may be followed up Since OD is a long process, there is an urgent need for careful monitoring to get precise feedback regarding what is going on as soon as an OD programme starts In this respect, the use of critique sessions, systematic appraisal of change efforts, and pre- and post-training behavioural pattern are quite effective This step again involves data gathering because such data will provide the basis for OD efforts evaluation and suggest suitable modification or continuation of OD efforts in similar direction. All parties concerned in OD programme need to realise that if major organisation developments are to be made and sustained, managerial practices with respect to many sub-systems will need to be modified if these practices are not congruent with the OD effort because there exists the possibility of slip back and regression to old behavioural pattern if adequate changes in other parts integrating behavioural change are not made

OD INTERVENTIONS

OD interventions refer to various activities which consultant and client organisation perform for improving organisational functioning through enabling organisation members better manage their team and organisation cultures French and Well have defined OD interventions as 'sets of structured activities in which selected organisational units (target groups or individuals) engage with a task or a sequence of tasks where the task goals are related directly or indirectly to organisational improvement Interventions constitute the action thrust of organisation development ; they make things happen and are what is happening [26]

Classification of OD Interventions

OD interventions are classified in various ways. Various consultants have different opinions about the activities which can be included in interventions. Many scholars visualise gathering of data as a process of intervention whereas it is treated only preparatory work for OD by others Therefore, the various classifications of OD interventions show variation. Moreover, there may be various schemes of classification of interventions For example, these may be classified on the basis of two independent dimensions . individual – group and task-process, giving a matrix of OD interventions [27] Another classification may be on the basis of principal emphasis of intervention in relation to different change mechanisms Such classification may group interventions into feedback, awareness changing, increased interaction and communication, confrontation and working for resolution of differences, and education through new knowledge and skill practice Yet another classification may be based on the various aspects of organisational adaptation As discussed earlier, organisational adaptation towards environment may be through people, structure, technology, and task Separate interventions are required for changing each of them.

A classification of OD interventions may be based on the improvement

26 French and bell, *Op cit*, p 99

27 *Ibid* p 114

of people in the organisation The objective is that OD efforts revolve around people in various combinations. Thus, interventions may be required to change people at these levels. Thus, interventions may aim changes at individual, interpersonal, group, intergroup, and organisational levels However, such a classification may not put interventions in mutually exclusive category as a particular intervention may be applied at more than one stage of change. For example, various Grid OD phases may be applied to change group, intergroup, and organisation level behaviour Similarly team building may also be used for several purposes. Nevertheless, this classification appears to be more convenient because it may specify the range of change that the organisation requires. Thus, the major OD interventions, ranging from individual to organisational orientation, may be as follows · sensitivity training and other educational programmes, transactional analysis, process consultation, team development, and grid organisation development By no means, these are the comprehensive OD techniques, but they represent the major thrust of OD programme While transactional analysis has been discussed in Chapter 8, the remaining interventions are discussed here briefly.

1. Sensitivity Training

Sensitivity training is the most controversial laboratory training method. Many of its advocates have an almost religious zeal in their enhancement with the training group experience Some of its critics match this fervour in their attacks on the technique As a result of criticism and experience, a somewhat revised approach, often described as 'team development' training, has appeared It was first used by National Training Laboratories at Bethel, U S.A , the training groups themselves called 'T Group'. Since then its use has been extended to other organisations, universities, and institutes

Sensitivity training is a small-group interaction under stress in an unstructured encounter group which requires people to become sensitive to one another's feelings in order to develop reasonable group activity T group has several characteristic features · *(i)* the T-group is generally small, from ten to twenty members ; *(ii)* the group begins its activity with no formal agenda, *(iii)* the role of trainer is primarily to call attention from time to time to the ongoing process within the group ; *(iv)* the procedure tends to develop introspection and self-examination, with emotional levels of involvement and behaviour and the possibility of colleagues and some breakdown of established insulation and self-defence on the part of individuals The objectives of such training are increased openness with others, more concern for others, increased tolerance for individual differences, less ethnic prejudice, understanding of a group process, enhanced listening skills, and increased trust and support Two studies, one by Argyris and another by Sikes, found support for the effectiveness of laboratory training in improving social sensitivity and effectiveness behaviour in groups [28]

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28 Chris Argyris *Interpersonal Competence and Organisational Effectiveness*, 1962 and Water Sikes, *An Analysis of Some Outcomes of Human Relations Laboratory Training*, Paper No

2 Process Consultation

Process consultation (P-C) represents a method for intervening in an ongoing system. The basic content of P-C is that the consultant works with individuals and groups to help them learn about human and social processes and learn to solve problems that stem from process events. Schein has defined P-C as activities on the part of the consultant 'which help the client to perceive, understand, and act upon process events which occur in the client's environment[29] P-C consists of many interventions and activities which affect the various organisational processes, such as, communication, roles and functions of group members, group problem-solving and decision-making, group norms, authority and leadership, and intergroup co-operation and conflicts Such processes are attempted to be modified by P-C. Schein has suggested major activities which the consultant undertakes in consultation These are agenda-setting, feedback of observation or other data, coaching and counselling of individuals, and suggestions regarding structural modifications[30]

Process consultation model places emphasis on diagnosis and understanding of process events Thus, the aim is to bring change in the various processes as an ongoing process of OD The role of consultant is non-directive as he helps the groups to solve their problems

3 Team Development

There are many interventions for team development. The basic objective of using team development interventions is to increase effectiveness of various teams within the organisation The team work requires a supportive climate In applying this principle, the relationship between the superior and subordinate is crucial This relationship should be one which is supportive and ego-building The more often the superior's behaviour is ego-building rather than the ego deflating, the better will be the effect of his behaviour on organisational performance This relationship may work equally in the case of peer relationships in group-building

The underlying aim of team development is to increase trust among team members because people work better together when there is open and honest sharing about the problems and difficulties that they have with one another As such, at the initial level, the attempt should be to develop such an environment where such trust can be developed among the team members Though organisational climate, in general, provides such a trusting condition, management may take specific measures in this direction Such measures, in order to be more effective, should proceed in the following procedure.

1 *Problem-Sensing* There are a number of ways in which problems of a team can be identified Often the team itself defines which aspects of team-building it wishes to work on This problem can better be identified in terms of what is hindering group effectiveness At this stage, generally most of the members come forward with their arguments as to what the real problems are

29 Edgar H Schein *Process Consultation Its Role in Organisation Development*, Reading, Mass. Addison Wesely, 1969, P 9

30 *Ibid*, pp 102-103

The views may be quite different ranging from the organisational problem, groups problems to even personal problems In problem identification, the emphasis should be on consensus. The consensus-seeking part of the process necessitates that each person becomes thoroughly aware and understand clearly the basic concepts of team-development Much of the problems may be solved through effective communication and training sessions.

2. *Examining Effects of Differences in Perception* The perception of people on an issue differs because of their differing backgrounds. such as, their value systems, personality, and attitudes The perception may be brought to conformity through the process of exercise on perception which involves a number of psychological exercises particularly on perceptual differences The role of communication is important in this context because it will help in clarifying the actual problems to the members

3. *Giving and Receiving Feedback.* The step of perceiving things and listening to each other may be relayed back to the members as there is a possibility that such processes may create tense situation in the group Often, members report about the painful feelings that they have at the time of evaluation of their feelings The discussion should continue until all members of the team have commented The feedback should be given to the members about their feelings, about the issue, the way people talk about the issue, the staying with the topic or going off on tangents, who was talking more or who was talking less, who was trying to resolve the differences, etc. Such feedback generally provides members to evaluate the values but at the same time also provides opportunity to understand themselves The concept of Johri window may also be applied. This suggests that even people are not fully aware of themselves

4 *Developing Interacting Skills* The basic objective of this process is to increase the ability among the people as to how they should interact with others and engagge in constructive behaviour Following are the examples of constructive and negative behaviours

Constructive Behaviour

(*i*) *Building* developing and expanding the ideas of others

(*ii*) *Bringing in* harmonizing, encouraging others to participate

(*iii*) *Clarifying* resting, ensuring, understanding, seeking relevant information

(*iv*) *Innovating* · bringing in new relevant ideas, information, feelings, etc.

Negative Behaviour

(*i*) *Overtalk* interrupting, talking together with speaker

(*ii*) *Attacking* deriding, belittling, criticising person

(*iii*) *Negating* cooling, cynicism, undermining morale

At the time of discussion of feedback, people take themselves assignments to increase specific constructive behaviours and decrease specific negative behaviours If this process is adopted several times, there is a strong possibility that members may learn constructive behaviours and leave negative behaviour This is quite helpful in developing teamwork.

5 *Personal contracting with team members* Many problems in the organisation start with a conflict between two persons While it is true that external forces can increase the level of conflict within the organisation, the kinds and intensity of the conflict are often determined by the individual pairs that make up the organisation. Thus, managers must take steps to reduce one-to-one conflict Many of the approaches of conflict management have been discussed in Chapter 16 (Organisational Conflicts)

6 *Follow-up action* This is the final stage in team-building. At this stage, the total team is convened to review what has been learned and to identify what the next step should be. Follow-up action also helps in overcoming the drawback involved at the initial stages of team building It involves deciding who will take care of each area of the team's responsibilities, and who will be responsible for team projects in a group that has not developed a satisfactory division of responsibility, clarifying and setting differences in perception concerning responsibility and authority in the team, with complex division of responsibility and authority among members

These attempts bring co-operative and supportive feelings among people involved in the team functioning When this exercise is undertaken at the initial stage, it contributes positively towards the feelings of the people However, to encourage and sustain such feelings, management should take such actions at regular intervals so that members feel reinforced and sustain their positive behaviour. Such actions will go a long way in shaping the organisational climate quite conducive to members for their efficient working

4. Grid Organisation Development

Grid organisation development, developed by Blake and Mouton, is a comprehensive and systematic OD programme[31] The programme aims at individuals, groups, and the organisation as a whole It utilises a considerable number of instruments, enabling individuals and groups to assess their own strength and weaknesses , focuses on skills, knowledge, and processes necessary for effectiveness at the individual, group, intergroup, and total organisation levels.

The basic content of grid organisation development is managerial grid as discussed in Chapter 14. The whole orientation is to develop 9.9 managerial style through the application of behavioural science knowledge The grid organisation development consists of six phases

(i) Managerial Grid It covers various aspects of assessing managerial styles, problem-solving, communication skills, and teamwork. The individuals try to learn to become 9,9 managers by practice

(ii) Teamwork Development The focus in this stage is to develop team-work by analysing team culture, traditions, and alike The skills relating to planning, objective-setting, and problem-solving are also developed

(iii) Intergroup Development. At this phase, the focus is on intergroup behaviour and relations. The thrust is on moving groups from conflict to co-operation Each group separately analyses the ideal intergroup relationship Action steps to move towards the ideal are developed and assigned to

31. R R. Blake and J S Mouton *Building a Dynamic Corporation Through Grid Organisation Development* Reading Mass Addison-Wesly, 1969

individuals who may be engaged in building co-operative intergroup relationships.

(iv) Developing Ideal Strategic Corporate Model. At this stage, the focus shifts to the total organisation and to develop skills necessary for organisational excellence. The action is designed to identify the characteristics of the ideal organisation The members of the organisation are trained for achieving this excellence

(v) Implementing the Ideal Strategic Model The implementation stage includes the building of the organisation on the model of ideal organisation on the basis of concepts developed under stage 4. Each group may be given assignment to evolve strategy for making ideal organisation with the help of the consultant. The strategy is then implemented

(vi) Systematic Critique In this stage, the various efforts from phase 1 to phase 5 are evaluated and critical analysis is made The analysis will bring out the shortcomings that may be there In this light, the various programmes may be redesigned

In addition to these people focused interventions, there may be other types of interventions also For example, structural and job interventions—job enlargement, job enrichment, management by objectives, rules, procedures, authority structure, etc However, these aspects are also covered in comprehensive people-focused interventions

ORGANISATION DEVELOPMENT IN INDIA

OD is of recent origin in India However, enough work has been done to take stock of the experience and learn from it for further effectiveness. Such work has been done in diverse types of organisations, such as, industrial organisations of both public and private sectors, and non-industrial organisations like banks, hospitals, government departments, etc Such organisations have applied OD techniques with varying degrees of success Many of the organisations have not published their results of OD efforts. This is because most of the OD work has been taken on consultancy basis and it was thought proper not to disclose the identity of the organisations involved. Some detailed accounts of OD efforts are available in published forms [32] Such efforts are in the context of Hindustan Machine Tools, a public sector organisation, mining, banks, and other organisations. Though the results which have been reported have been encouraging,[33] there are various problems in the way of OD implementation in Indian organisations

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32 Such accounts are available in N R De, 'Organisational Development—An Interim Balance Sheet,' *Economic and Political Weekly,* May 29, 1971 I Dayal, 'Organisational Development—An Interim Balance Sheet—A Comment', *Economic and Political Weekly,* No 35, 1971 G Chattopadhyay, 'The Use of Group Dynamics Laboratory in Process Consultation—A Case Study Set in the Bank of Calcutta,' *Journal of Management Studies,* February, 1973 K Das, 'Reorganisation in Nationalised Banks,' *Lok Udyog,* March, 1974 D P Sinha, 'Team Building in a Mining Organisation', *ASCI Journal of Management,* Sept 1976 O P Bhatia, 'Organisation Development in BCCL', *Lok Udyog,* Jan 1976 M S S Vardhan, Organisation Development—HMT Way' *Lok Udyog,* August, 1975 V Krishnamurthy, 'Management of Organisational Change—The BHEL Experience *Vikalp,* 2(2) April, 1977

33 De and Dayal *Op Cit*

The general environment—socio-cultural as well as economic—in which most of the Indian organisations are working is not very conducive to adopt modern management techniques, such as, OD or similar ones. For, the adoption of such techniques essentially requires sharing of authority, participative management, free flow of two-way communication, change in the attitudes of managers and owners of the organisations, towards latest management techniques, and availability of external consultants who can devote considerable time to the organisations undergoing through the OD programmes. These problems are common working against the adoption of any new technique of management. What is more relevant in the case of OD is the relationship between management and external consultants. Indian organisation, by and large, do not want to share their problems with the external consultants simply because they do not have trust and confidence in consultants either because of their fear of confrontation with such consultants or because of the decline of their power. Such fears are, however, not based on any concrete proof. In fact, the OD programmes have shown that the power enhances and is shared widely among participants and a self-imposed discipline emergés in healthy work-setting.

This difficulty is further enhanced by the role of external consultants who have a traditional view of looking at consultants' role. They believe that the consultants' role is to diagnose all problems, suggest solutions, put these in voluminous reports and hand over these to management to do what it wants.[34] Though this approach may be quite relevant in the case of technical problems, this is unlikely to work in the case of OD or similar techniques where behavioural change is much more important. In fact, the role of external consultants should be extended to the implementation aspect of a particular technique. This is more closely related with management's expectation from a consultant. Management wants concrete results, and not the reports on a particular problem. Moreover, the application of any technique may be facilitated when managers as well as external consultants put efforts together. This is because the theoretical background which a consultant has is backed by the working experience in a particular environment which a manager has. OD programme particularly requires such long association between managers and consultants.

These are some of the problems which Indian organisations are currently facing in applying OD. Since OD technique is being followed by several organisations, there is a possibility that with the experience gained therein, it may fruitfully be applied in other organisations. From this point of view, the future of OD in India is bright. Udai Pareek feels that 'OD work is currently going on in several industries and non-industrial organisations, and as these experiences are recorded and shared, we shall have a better understanding of the effective use of OD in traditional organisations, public sector

34 Dayal, 'Some Approaches to Organisational Change — India and Abroad', *Economic and Political Weekly*, Nov 29, 1969.

35 Udai Pareek, 'The Concept and the Process of Organisation Development', *The Indian Journal of Social Work*, July, 1975, pp 109-25.

industries, industries employing various technologies and a variety of non-industrial organisations. There have also been experiences of failure, and these are also being recorded and collected to learn from them In general, OD shows a promising future, since there are no rigid set procedures in OD work, and different strategies have to be evolved for different types of organisations [35]

DISCUSSION QUESTIONS

1 What do you mean by planned organisational change ? Give reasons for organisational change

2 Discuss the functions of change in organisational viability Why does an organisation so often fail to make the necessary changes ?

3 Describe the process of organisational change and the factors that are important for it

4 What are some of the techniques which have been developed in creating organisational change ?

5 Change is highly important to the success of an organisation, but many people have the tendency, overtly or covertly, to resist it How do you think resistance to change can be overcome ?

6 Why is organisational change often resisted by individuals and groups within the organisation ? How can such resistance be prevented or overcome ?

7 What is the role of change agent ? How does a manager work as change agent ?

8 Describe the process of planning and implementing change in an organisation Enumerate some of the changes which result from organisational growth

9 'Growing organisations move through relatively calm periods of evolution, each of which ends with a period of crisis and revolution ' Do you agree ? What dominant management style is used to achieve growth, each evolutionary period and what dominant management problem is required to be solved in each evolutionary period ?

10 What do you mean by organisation development ? Discuss its importance and limitations

11 Differentiate between organisation development and management development

12 'Organisation development involves the development of the organisation in the light of its future expansion plan ' Discuss

13 What are the various steps involved in OD ? Discuss the role of diagnosis in understanding the problems of the organisation

14 What do you mean by OD interventions ? Discuss the major OD inter ventions

15 What is team development ? Discuss the process of team development

16 What is the role of grid organisation development ? Describe its various phases

17 Discuss the OD efforts made in India Identify some of the reasons for failure of OD programmes in India

Part - VI

CASES

The last part of the book presents some cases on the topics covered in this book. The basic idea of giving cases separately, besides giving examples at various places in the book, is to provide an opportunity to the reader to analyse how he can apply the concepts in dealing with the management problems. Case method of learning has the following objectives : *(i)* the description of real business situation to acquaint the learner with the principles and practices obtained in work setting; *(ii)* introduction of realism into formal instruction, *(iii)* demonstration of various types of goals, problems, facts, conditions, conflicts and personalities obtained in organisational settings, *(iv)* development of decision-making ability; and *(v)* development of independent thinking but cooperative approach to work in team situations

A case is a description of a situation involving problems to be solved. However, the case may not have as complete information about the problem as a reader wishes. The amount of detail required would make the case too long to read and too detailed to analyse. In fact, this is the reality with the decision making in actual business operations. Managers seldom have enough information because *(i)* it is not available, or *(ii)* it is not available at appropriate time, or *(iii)* to acquire the information is too costly. The result is that managers make decisions on the basis of information at hand and after making reasonable assumptions about the unknowns. So with cases, the analyst must work the information he has and must make reasonable assumptions. Further, a case may have information of varying importance; some may be very useful, some partially useful, and some may not be useful at all. This is similar with the actual practice. A manager may be bombarded with the information and he must find out what is relevant or irrelevant to him. Thus case also provides an opportunity to learn to separate the wheat from the chaff.

A case may be presented either in structured form or in unstructured form. In a highly structured case, there are leading questions at the end that indicate a focus and predetermine the direction in which the discussion will go The basic value of a structured case is that the discussion can get off to a quick start, but there is always the danger of oversimplification of problems and prescription of pet solutions. In such a situation, the group process is adversely affected. The session in the class room can degenerate into a question answer session between instructor and participants In unstructured case, the facts are given but there are no leading questions to suggest the major issues involved in the case The participants search, through the process of analysis, what problems to choose as focus. This helps them to learn how to get on the real problems in a given situation.

Guidelines for Case Analysis

The basic approach in a case analysis should be to get on the problem and provide its solution. However, this can be achieved only when the participants go through a number of sequential activities. For example, a case analyst can put following questions in sequence to find the problem and its likely solutions : *(i)* What are the actual problems involved in the case ? *(ii)* What are the relevant facts ? *(iii)* What are the crucial unknown aspects of the scene ? *(iv)* What are the major critical questions related to each specific event ? *(v)* In what ways, can logic and reasoning be used to determine crucial inference, connections and relationships ? *(vi)* In what manners contradictory facts and arguments can be weighted in making decisions ? *(vii)* In what ways can the decisions be implemented ? The answers of these questions will lead to define the problem, identify the alternatives for problem solution, analysis of those alternatives, and finally to choose the suitable alternative. Let us see how these elements can be analysed.

1. *Define the Problem* Each case has a problem or number of problems. A problem is the gap between what is desired and what is being achieved. The problem can be identified by reading the case. At the first reading, it is better to jot down the parts that you think are important. Then you might try to determine what the major or minor problems are jotting down how you might analyse them. In fact, in the first reading, whole of the problem may not be identified. Therefore, read the case again and find out through your preliminary analysis whether the impressions gathered by you in first reading are correct At this stage, it may be possible to identify the nature of the subject–manager, worker, or organisation, as the case may be–its method of working, and how and why the problem has risen.

2. *Identify the Alternatives* The problem around which the case is organised is amenable to solution by several possible alternatives, some of which are obvious from the data of the case and from the definition of the problem. The alternatives which are not so obvious may be generated by the participants. At this stage, it is preferable to generate as many alternatives as possible without evaluating the worth of each This will provide opportunity to solve the problem at a much wider canvas.

3. *Analyse the Alternatives* Analysis of alternative comprises the break up of alternatives into parts with a view to *(i)* detecting the nature, proportion, and function of the parts and *(ii)* detecting the underlying relationships among a set of variables

These associations may be used to evaluate possible course of alternatives The process of analysis begins with the separation of relevant materials from the irrelevant ones. This process should be taken very carefully because sometimes the crucial facts in a case are concealed in seemingly unimportant remark or minor statistical exhibit You should also consider the consistency and reliability of the facts. Sometimes, to fill the data gap, some assumptions are made on the basis of knowledge, experience and judgment. The case analysis and discussion should not be abandoned on the plea that necessary data to solve the problem are not available If you feel the inadequacy of data for arriving at a feasible solution, you must justify this position by

pointing out the inadequacy of data and the way the data can be collected. Analysis of alternatives should be taken in the light of the fact that the problem can be solved by many alternatives and there is nothing like correct or incorrect answer of the problem.

4. *Choice of Alternatives.* Choice of alternatives is possible after careful analysis of all possible alternatives at hand. At this stage, your personal factors—values and judgments—may play important role because these are associated very much with the choice process. Therefore, while making the choice of an alternative, you must take into account the various implications of the alternative otherwise it may create more problems while solving only one

Guidelines for Case Discussion

As the case provides data for analysis, the actual learning may result from the analysis itself. However, case discussion in a group contributes significantly in the learning process. Therefore, you should try to make the group discussion process as meaningful as possible. For successful case discussion, following points can be observed. *(i)* You should be well conversant with facts and figures of the case after giving it a thorough reading. You should jot down the major problems, alternatives for the solution of the problems, and evaluation of how various alternatives would solve the problems *(ii)* If you initiate the case discussion, you should present the situational framework of the case, *(iii)* Various points raised during the discussion should be carefully analysed and discussed. You may take a stand on matters and defend your position against those of others. This may help you to put your best in the discussion. However, you should have enough flexibility of approach, for a revision of the original stand may become necessary at times in the light of the discussion. *(iv)* Sometimes, there is the tendency of over simplifying the problems and avoiding a deep analysis of the issue This does not help in the learning and, therefore, should be avoided. Accordingly, the use of vague and over-generalised statements such as 'need for better management', 'human nature', etc should be avoided. There is need for being specific and precise in your approach and relating the ideas to concrete data *(v)* Too much emphasis should not be given on arriving at a final and only solution of the problem because a particular problem can be solved in many ways with almost equal consequence

Role of Instructor in Case Discussion

The role of instructor is very significant in case discussion because he coordinates the entire process. In doing so, an instructor can follow directive approach or non-directive approach. The directive approach refers to an approach in which the instructor directs the group towards a certain viewpoint of decisions The mode of interaction in such a discussion is frequently directed towards the instructor. In the non-directive approach, the role of instructor is to facilitate the discussion by giving an opportunity to the participants to express themselves openly. The group is left free to initiate and carry the process The aim is to provide a meaningful learning to the participants which comes from within rather than imposed from without. The instructor should have a proper mixture of directive and non-directive

approaches depending upon the type of case. level of maturity of participants, and time available for case discussion. In any case, the emphasis should be on learning of participants.

In order to make the case discussion fruitful, the instructor should prepare the case fully so that when the group has major deviation from the case problems, he can bring back the group to focus on the real problems In doing so, the instructor can only remind the participants about the deviation rather than interfering too much in the discussion process He should also control his personal feelings to provide utmost freedom for self-expression to the participants without projecting himself on the situation At the end of the session. he may give his expert opinion but without emphasising on the suitability of a particular solution of the problem

THE 'GOLDMINE' SCHEME *

Sterling & Co had an incentive scheme for its factory personnel on piece rate basis, amounting to Rs. 10/- per good unit manufactured. For the year ending 31st March, 1987, the company recorded an average monthly production of 18,000 good units. Excluding 2,000 units per month, which had to be scrapped, after all the manufacturing operations, due to the vigorous quality control standards maintained by the company. The realisable value of scrap is Rs. 20/- per unit. The unit pricing structure of the product is as follows:

Variable Manufacturing cost (exclusive of the piece-rate incentive to the workers)	Rs 80/-
Selling and distribution cost	Rs. 25/-
Selling price	Rs. 160/-
Fixed expenses	Rs 3,60,000/- per month

Mr. Lal, the labour union leader, approached Mr. Patel, the Managing Director of the company for a better incentive scheme which would substantially benefit the workers After considerable deliberations and discussions, it was mutually agreed between the Union and the Management that the incentive amount shall be increased to Rs. 15/- per good unit manufactured, subject to a minimum achievement of 20,000 good units per month It was further agreed that the new incentive scheme shall be initially tried for a period of three months and subject to review by Mr. Patel thereafter, it shall be extended for a period of three years At the time of such a review, Mr Patel shall be at liberty to impose any further conditions, without increasing the monthly target of 20,000 units, which shall be duly accepted by the union

All the workers were very happy about the new scheme, which increased their incentive amount by 50% and they were quite confident of achieving the monthly target They enthusiastically named the new scheme as "Goldmine", which became quite popular in the company.

During the trial period of three months, the average monthly production of good units increased to 21,000. At the same time, 3,000 units had to be scrapped per month Mr. Patel was extremely cheerful to see the stepping

* Case prepared by S Kannan, Madras Reproduced with permission from *Indian Management*, a journal published by All India Management Association

up of the production of good units. However, after a little thought, the sudden hike in the rejected units worried him very much Due to severe competition, no increase in selling price was possible, though fixed cost per month increased by 10% on account of increased production level.

Questions

1 Has the company been benefited by the introduction of the ' Goldmine" Scheme ?
2 Do you find any lacunae in the framing of the "Goldmine' Scheme ?
3 What should be the future course of action by Mr Patel ?

STYLOTEX LIMITED

Stylotex Limited was the manufacturer of high fashion dresses both for domestic and international markets Its emphasis was to develop latest and unique designs specially for ladies and children. Design was the main strength of the company's business success The company employed about 600 employees out of which 20 (all females) were in design department. The main function of design department was to collect information about the prevailing fashion in international and home markets, analyse the information, and to suggest and prepare suitable design for the company.

Miss Sangeeta joined the company as chief designer. Prior to joining this job, she received M Sc degree in Clothing and Textile with specialisation in dress design She also received dress design training for six months from a reputed institute in the USA She also received her summer training for two months in Stylotex as part of her M Sc degree During her training, she impressed the management with her creative thinking about dress design. Many designs suggested by her during this period were accepted by the management and were appreciated by the customers Therefore, when the chief designer of the company retired and Sangeeta applied for the position, she was taken by the management to fill the vacancy

Since Sangeeta was with the company for two months as summer trainee, she knew the work culture of the company. She was knowing most of the employees of design department. She was also aware about the likely resistance that she could meet on her joining the position as she was replacing a very experienced and highly esteemed lady. Though she could not expect direct resistance from others, she was very serious about the resistance to be shown by one designer Mrs Vimala who was in her fifties and was designer in the company for the last fifteen years That 'grand old lady', as she used to be called by her colleagues, carried lot of weight with the group members She did not have liking for a young girl directing and controlling them Therefore, Sangeeta thought rightly that without her active co-operation, she could not succeed in her career. However, she was determined to get her career off on the right foot. As a result, she was giving serious thought to win over Mrs Vimala and other members of the group but was not sure how to proceed in the matter.

Question

Advise Miss Sangeeta how she should proceed in the matter

INTER-PERSONAL RELATIONS*

Vikas Pvt. Ltd, an engineering firm with 50 years of success behind it, has become a household name in India for its quality products. Although it had started its business in a modest way, it became a dominant supplier of spares and equipments of critical nature needed by the Transporter and Engineering Industries in a short span of 10 years. Later, with the advent of industrial planning initiated by the Government of India, and by virtue of its position in the engineering business, it made rapid strides in many product lines, including electronics. In 1960, assets were of the order of Rs 200 crores with a total employment of over 10,000 spread over all important industrial centres in India. With the growing complexity of management, the top management, time and again, discussed the need for reorganising the entire business on functional lines, and finally introduced decentralised administration on April 1, 1974.

Mr. Vasudeva, an MBA from Harvard with a mechanical Engineering background, was incharge of the Mechanical Engineering Section since 1964. He was promoted as the Chief Executive of the Division in April, 1974. This was in recognition of his outstanding contribution to the development of new product lines, especially in the area of compressor-cum-vacuum pumps. In fact, the firm earned a good name in the export market and also bagged an export award during 1973-74. Moreover, Mr. Vasudeva was known for his honesty, integrity, leadership and decisiveness. He was a brilliant engineer and always worked hard to be a step ahead of his competitors in the field. He was virtually a think-tank. and the management was very proud of him

For the last six months he spent long hours redesigning the export model-T compressor-cum-vacuum pump set. In his discussions with his foreign collaborators, he was convinced that with a little more effort, the company could successfully redesign the model, thus saving production costs as well as improving the efficiency by 16-20 per cent. He depended entirely on Mr. Hanuman, a foreman of exceptional ability and tenacity. Moreover, Mr Hanuman was good at human relations and commanded respect from his immediate subordinates Since the fabrication of the new model was in its infancy, everyone concerned felt it undesirable to let others know what was happening on the shop-floor Moreover, secrecy was the style of operation, and therefore it was clear to both the foreman and the persons working under him that this matter would not be brought to the notice of Mr. Keshav, the new Works Manager and a recent induction into the company They were one with their new job and always delighted in any words of appreciation from their chief. Mr. Vasudeva, when he visited the shop-floor.

Mr. Keshav was young and energetic with a flair for Mechanical Engineering products He had no knowledge of management, but had attended a few courses in materials management and productivity control. He always laid stress on proper supervisory activities, knew his job well and always expected others to perform their duties as scheduled He could never tolerate

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* Case prepared by N Ramaswamy Reproduced with permission from *Indian Management*, a journal published by All India Management Association

indiscipline His colleagues had nicknamed him "the real fire-brand" of the company.

One evening, before going home, Mr. Keshav went to the shop-floor where he found six machinists and helpers engaged in fabricating a spare part of the pump set as per the order of Mr Vasudeva Mr Keshav was happy to see people working under him so involved in their work.

However, his enthusiasm vanished like morning visit when he saw that, what they were engaged in was not a normal part of their work. "Damn it. What the devil are you up to ?" he asked in annoyance.

The workers were perplexed, they did not know what to say. However, Mr. Hanuman soon appeared on the scene and explained the on-going project and the benefits its success would bring.

The Works Manager got very angry with Hanuman and reprimanded him severely. In fact, he was admonished in the presence of his subordinates and technicians working on the shop-floor. Mr. Hanuman felt confused and hurt As though this was not enough he received a show cause notice from the Works Manager demanding an explanation within 24 hours This was adding insult to injury. He had no alternative but to report to the chief, but to his chagrin, he found that Mr. Vasudeva had already left on foreign tour, and was expected back a month later.

Mr Hanuman felt that he was approaching a dead end, harassed, he went from pillar to post but no help or advice was forthcoming Exasperated and hurt he went to the General Manager and handed in his resignation letter

Mr. Hanuman was known for his honesty, simplicity and hard work. Only by the dint of hard work, had he developed his skills and risen to the position of foreman from the level of an ordinary helper within a span of 10 years Everyone knew the role he played in developing a new prostate of Model-T, vacuum pumps His one weakness was that he was very sensitive and would never compromise on issues affecting his personality and dignity. On the whole he was respected by all.

News of his resignation spread like wild fire The workers, technicians and other sympathetic to his cause were alarmed, and eagerly awaited the outcome

The issues arising from the case are ·

(1) Was the GM right in accepting Mr Hanuman s resignation ?
(2) Was it well advised to keep Mr Keshav in the dark about the ongoing project, especially since he was Works Manager ?
(3) Did Mr. Keshav act hastily in reprimanding Mr. Hanuman ?
(4) What action should be taken now ?
(5) What repercussion would this incident have on all involved

THE NEW MANAGER

Mr Avinash was appointed as general manager, administration in Phoenix Industries Limited He joined the company only about two years back Prior to joining this company, he served another company for two years He did his M B A. from a reputed institution. He considered himself as a high flier After getting promotion as general manager, administration, he felt

quite excited and was quite enthusiastic about his new job. The post of general manager was sufficiently at high level However, because of young age and lack of adequate experience, Mr. Avinash was considered as junior executive by most of his subordinates

The administration department of the company had four major subunits : purchasing, record maintenance, printing, and secretarial services Each subunit was headed by a manager. These four managers were directly reporting to Mr. Avinash. They had combined experience of over 80 years with an average age of 45 years Most of them had been with the company for a fairly long period of time and that too with their present units Since Mr. Avinash was quite less experienced and young, these four managers viewed his appointment with hesitancy and suspicion Also, they had liking for the previous general manager and were sorry to see him leave the company.

The new general manager, Avinash started holding weekly meetings of the department However, he noticed that managers were hesitant to speak in the meetings; he was only one to speak He made some changes in the operating procedures that he felt would increase efficiency and announced them in weekly departmental meetings There were no reactions to the changes, but later he noticed that the managers continued to follow the old procedures He talked to them individually but felt that they were not opening up to him The problem continued

After about two months, Avinash started receiving complaints from other departments about the services they received from the administration department These complaints mostly related to printing and purchasing Avinash believed that his department should provide the best possible services and, therefore, admonished his managers in a weekly departmental meeting. He still received little response from them. He continued to receive complaints and was becoming increasingly frustrated. On one day, he became very upset at the third complaint that week over jobs done in the printing unit. He stormed out of his office down to the printing unit. The manager of the printing unit was out. Avinash called over the chief print operator, chewed him out, and told him to redo the job on the same day When printing unit manager returned and learned what happened, he immediately called a meeting with the three other managers and described events to them On this commented the manager - purchasing unit, "We have to do something Avinash is too young, incompetent, and is a tyrant." "I agree, he dictates to us in departmental meetings, and now he goes behind our back to our employees. He shows no confidence in us I am fed up with this situation." said manager - secretarial services Finally the manager - maintenance chimed in, "I don't think we have much choice Avinash is regarded high by top level management. We can't talk to him and higher up, and,if we continue doing things this way, our careers will be ruined Therefore, I think that we should look for some other job opportunities" They all reluctantly agreed with this statement and the meeting ended.

Questions

1 Describe the nature of the problems in this case
2 Explain what could have been done to prevent the problems
3 Outline the means you would propose to solve the problems

THE ASSISTANT BUSINESS MANAGER

Ice Cool Private Limited was an ice cream manufacturing company employing about 100 persons including persons at various levels of management Because of increasing business, the company needed to strengthen its accounting procedure particularly through computerisation For this purpose, the company decided to hire a new manager, designated as assistant business manager. The company invited applications through press advertisement After receiving the applications, it appointed a selection committee consisting of members of top management including business manager Rakesh Mohan. The committee interviewed several candidates and finally selected Bishwash as new assistant business manager. Bishwash was neat, well dressed, and quite articulate

Bishwash joined the company immediately and started working very hard He used to put extra efforts and even worked during holidays as he did not have any family responsibility He gained the reputation of being a dedicated and competent employee, his strong point being his knowledge of accounting and computer system He was reporting to Rakesh Mohan, the business manager who was quite impressed with his working

At that time, the company had no computer system, and its accounting procedures were in need of considerable improvement. Anil Kumar, the managing director of the company, directed Rakesh Mohan to get the needful done Since most of accounting work related to sales, no separate accounting department existed and the work was performed under the direction of the business manager Bishwash was mainly appointed to strengthen the accounting aspects of the business. He was asked to prepare a project so that necessary changes can be made In order to get the first hand information about the problem, Bishwash began meeting regularly with Anil Kumar without the knowledge of Rakesh Mohan There was no attempt to have secret meeting, Anil Kumar would just call Bishwash in for a report without bothering to tell Rakesh Mohan The management team, whose members were with the company for a quite long period had formed a tight-knit group and appeared satisfied with the company. They all worked together and the company prospered in spite of fierce competition

The meetings between Anil Kumar and Bishwash continued and Rakesh Mohan was gradually losing contact with the project and its progress In fact, Bishwash was almost reporting directly to the managing director though he was placed under business manager and retained his title of assistant business manager. Rakesh Mohan was now visibly upset over the development and was also concerned about Bishwash's spreading share of influence He started feeling down in the company.

Questions

1 What is the nature of problem in this case ?

2 Could Rakesh Mohan have prevented Bishwash's assumption of power ? If so, how specifically, could it have been done ?

3 Suggest the courses of action now available to Anil Kumar, Rakesh Mohan, and Bishwash ?

AUTOMATIVE COMPONENTS LIMITED

Automative Components Limited is a major manufacturer of automatic filters mostly used in automobiles of various types It supplies filters directly to automobile manufacturers in bulk quantity besides supplying to the market for replacement On one day, two engineers from a reputed engineering consultant came They inspected the production facilities and workshop. They came on the next two days also. During their visit, the atmosphere in the workshop was tense as the engineers made several enquiries from the foreman of the workshop. Three days after the last visit of these engineers, a notice was put on the notice board asking the workers to shut off motors and lights during the lunch break.

During the following week, a rumour spread that the company was not able to discharge its contractual commitments because of the technical defects in the plant Therefore, a big order was likely to be cancelled resulting into closure of the plant for some time This period became quite disturbed both for workers as well as for the foreman. Three workers made enquiries on different occasions from the foreman about the reasons for the visits by the outside engineers In fact, one of the workers put a question, "Is there going to be layoff in the plant"? The foreman himself being ignorant in the matter had little to say Thus rumours spread further about the likely layoff and retrenchment of some workers The workers became nervous and productivity dropped They approached their union leaders about the possible layoff and retrenchment The union leaders criticised the approach of the management and threatened with strike if any worker was laid off or retrenched

On getting this news of lower productivity and threat of strike, the production manager visited the plant and talked to the foreman and some of the senior workers One of the office bearers of the union questioned angrily when some of them were to be thrown out The production manager was taken by surprise and asked the foreman what workers were talking about. The foreman narrated the total situation right since the visits of outside engineers and notice of conserving power. He also told about the rumour of cancellation of big order and consequently retrenchment of some of the workers. The production manager was taken aback and could not believe what the foreman was saying He asked the foreman, "But all this not true; did you not tell the workers ?" The foreman kept quiet.

Later in the day, the production manager called a meeting of union office bearers alongwith some workers He also invited the foreman to attend the meeting In the meeting, the production manager informed about the objectives of the visits of outside engineers. He told that the engineers were invited to observe the existing machine layout and to draw plan for installing a new equipment He explained that notice for putting off motors and lights during the lunch break was meant to save power as there was shortage of power and this had nothing to do with the visits of the engineers Regarding the cancellation of order, he agreed that one big order was likely to be cancelled because of some troubles at the buyer's plant but the company had secured a much bigger order and that instead of layoff, there would in fact be more

recruitment. But all these could not convince the workers and after two days, the union gave a notice to the production manager for a one day protest strike.

Questions

1. Discuss the reasons for the problems that aroused in the company
2. Advise the production manager how he should proceed in the matter

ABC PVT. LTD.*

A new managerial post of Manager-Administration (M-Admn) was created in ABC Pvt. Ltd. to pull up the general administration As soon as M-Admn joined, the Managing Director (MD) advised him to take care of the problems of security, and inexpedient purchases of materials and supplies

The MD was worried about improper purchases and handling of materials in the factory He wanted M-Admn to ensure 'rational handling of materials—both input and output' A month earlier, MD had himself carried out a thorough check of purchases with regard to quality and price of materials, and found a plant manager guilty of purchasing and using low-quality materials. Substantial proof against the plant manager led to termination of his services.

For quite some time, the MD received accusatory reports from his own sources pointing to malpractices of plant managers in purchasing and maintaining inventories He felt that somebody strong, experienced, and intelligent should be appointed to look after the acquisition, maintenance, and security of materials The newly appointed M-Admn was a retired army officer

The first step of M-Admn was to centralise the stores of the different plants at one place. This took one month The stocks in the stores of different plants were physically counted, recorded, and moved to the new store wherein each major type of materials was allocated space The records of stores were collected from all the plant managers and checked. At this stage, M-Admn took over purchasing Hitherto purchases were effected by the respective plant managers; they were responsible for obtaining price-quotations, deciding about the sources (vendors) of materials, price, quality and quantity, and ordering and receiving the materials.

Vexed Plant Managers

Some three months passed; the plant managers felt aggrieved; their present position was not as prestigious as it used to be; their status was reduced, the scope of their activities was restricted, their managerial abilities were doubted; and their job-content was made equal to that of an ordinary senior worker.

They perceived that they commanded a great deal of respect not only from the dealers (sources of materials) but also from the workers, when they handled purchases. With the new system of purchasing, they felt an erosion of status in the business circles, and in their society. Though they were not vocal, they projected their irritation through the following comments when interviewed :

* Case prepared by Dr K.M Upadhyay, Professor of Business Management, Punjab Agricultural University, Ludhiana Reproduced with permission

(i) purchases were not of desired quality,
(ii) participation in purchase activities made their plants 'active sub-systems of the main systems',
(iii) the low-quality of materials purchased caused deterioration in the quality of finished products;
(iv) delays in getting supplies of different types led to wastage of time, increased production cost, and decreased productivity,
(v) though they were accountable for quality, wastage control, and productivity of labour, they did not have control over the quality of raw materials and supplies, and time in getting materials; and
(vi) purchases were usually effected in haste from the local market at higher price and the quality aspects neglected

The Company

ABC Pvt Ltd , a hosiery unit, was incorporated in 1941, with one plant (Plant A) Plant A started working with 12 knitting machines and 15 workers. In January, 1969, Plants B-1 and B-2 were added Plant B-2 and part of the plant B-1 were employed to produce goods for export Heavy hosiery products, manufactured by plant B-2, were entirely for export markets By the end of 1969, plant C was set-up to produce cotton garments

The company was located in one of the upcoming industrial cities of Punjab. It flourished with virtually no competition and earned remarkable goodwill for the design and quality of its products Since the late sixties, the company's performance showed a continuous uptrend. In 1978, the annual turnover of the company touched Rs. 4 crores. The company was regarded, as per market source in Northern India, as one of the leading firm in the hosiery industry, with 200 knitting machines and 250 workers. Besides, 60-75 workers operated their own machines at different locations in the city to produce exclusively for the company, on a contract basis.

The Organisational Structure : Positions and Roles

The functions and responsibilities of important organisation members, as given by the Director, Export and Production, and the persons concerned, are summarised :

The MD was the chief decision-making person for all significant matters like addition of new products, deletion of existing products, expansion of production capacity, purchase of inputs for cotton-products, acquisition of new machinery and visit to export markets He was the chief designer of all woollen designs and cotton prints As he stated, 'Since designing consumes 75% of my time, I have left the operational administration to the directors and Manager-Administration." Usually, he took two rounds of the plants daily, along with the concerned plant managers.

The targets were set by the higher level managers. Both the directors are brothers of the MD The Director, Export and Production (D EP) had functional relationships with all the plant managers. For day-to-day administrative and functional purposes, D EP occupied a relatively more important position than that enjoyed by the Director Civil and Sales The Plant Managers said that they were answerable to D EP for the flaws and

shortcomings in the final products, and delays in the production schedules

Plant A and plant B 1 were under the supervision of the Director Civil and Sales the managers of these plants reported to him the daily production levels, and the finished goods inventories by different designs colour, product-type, and by any other classification suggested. He looked after the entire sales, excepting exports, with the help of four sales agents. He arranged the samples as per the designs given by the MD, and kept the samples under lock and key to maintain the secrecy of designs. Usually, he purchased raw materials for plant A

Plan B 2 was under the line supervision and control of Director EP. He was the only technically qualified person among the owners of the company, he was a B E (textiles) from one of the institutes in England, and had a Diploma in Chemicals for woollens in Germany. He had complete control over the quality and brands of dyes and chemicals to be purchased through the Manager--Administration from sources in the country. He used to place orders himself for import of 'dyes'. He had the sole authority over purchases of wool for plants B-1 and B-2 He took all the decisions regarding the quantum, timing and terms of export He usually visited foreign markets two-three times a year, his visits being independent of those of the MD He got samples prepared from designs created by the MD, and maintained their secrecy. He fixed the performance standards for output of all the plants. Dyeing masters of plant B 2 and plant C received the technical information with respect to shades/quantum of each colour to be used and associated instructions from D EP. The dyeing and printing master of plant C reported to D EP.

The Secretary, a Bachelor of commerce, was responsible for the maintenance and control of accounts of all the plants Manager Accounts (a B Com), and Financial Controller (a Chartered Accountant) worked under the Secretary. According to the Secretary, about three-fourths of the correspondence of the company, particularly those related to legal matters, taxes, bank dealings, labour-welfare, relationships with dealers (sources of materials and supplies) and customers (buyers), both local and foreign were handled by him independently. Though he discussed such correspondence and action with the MD on almost all the matters, his duties included preparation of final accounts, external auditing, management of cash, and legal matters.

The Financial Controller handled the routine internal audit, and advised the Secretary on matters of financial control. He stated, 'I gather, compare and interpret the financial and other quantitative information After the stores were centralised, I found on my own that the plant managers effected ancillary purchases at 20% higher costs than those at which M Admn made such purchases, under comparable market conditions.'

M Admn worked under the MD, had reporting relationships with the two directors and the secretary. He had functional relationships (for controlling and monitoring all types of material and finished products) with all the plant managers His overall responsibility was to ensure the security of the company's property He purchased all the ancillary items (dyes and

chemicals, thread, buttons, washing materials, spare parts, fuels, oils and lubricants, etc), and worked as incharge of stores While purchasing ancillary items, M Admn went by the specifications suggested by the MD and the D EP. He was responsible for timely replenishment and quality control of ancillary items; inviting price quotations, selecting sources of supplies; collecting and maintaining data on prices, types and sources of materials and supplies, controlling use and maintenance of vehicles, equipments and building, handling labour welfare matters (salaries and wages, employment of casual workers, attendance and grievances of workers, etc.). He used to receive a copy of the production schedules for each plant manager, prepared by the top management

The plant managers were responsible for achieving the production levels (budgeted standard performance) set by the D EP. They were answerable to the concerned directors for any lag in production They were also responsible for .

– maintenance of daily production records ,

– inspection of finished products (quality and quantity) , and

– packing and bringing the goods in a deliverable state, even at a short notice of less than 1 day.

Organisational Climate : Feedback

The appointment of M Admn and allocation of the job of purchasing ancillary items to him created discontent among the plant managers They felt that this step had lowered their morale, and that it reflected on their integrity and loyalty They could get jobs in other units but ABC Pvt. Ltd was a very good pay master This inhibited them from leaving the organisation The top management was also interested in retaining the plant managers, particularly in view of the growing competition, and increasing cost of training a person to assume the position of a plant manager

The plant managers were in close personal touch with the directors and the MD But none of them dared to criticise openly the reallocation of the purchasing job The top management observed that failures to achieve production targets occurred frequently and the reasons ascribed by plant managers were unsound Perception of reality was clouded by a negative attitude of plant managers towards the functioning of M Admn.

The D EP contradicted the views of plant managers about low quality of ancillary purchases. He told them that not a single complaint about the quality was received from the customers, attributable to use of ancillary items purchased by M Admn He agreed that sometimes ancillary items were not available for immediate replenishment on the shop floor, and emergency purchases were made But he denied that one quality aspect was overlooked. He was happy over the fact M Admn personally visited the market to purchase supplies whenever an emergency occurred.

M Admn said that there was not a single instance after his taking over the purchases, when plant managers waited for the stock He maintained that whenever their (plant managers) calculations for supplies needed for a period

went wrong, he replenished the supplies even at a 'half-day' notice When short notice was received, there was no way-out but to purchase from local suppliers. Under the new system the plant managers were advised to send the 're-order quantity requisition' at least 2 days before the existing stock was expected to get exhausted.

The plant managers said that they did send for 'emergency requirements' and got supplies in time in 80-90% of the instances They reported that often their calculations went wrong mainly because of contract workers not informing them about their requirements well in time Most of the contract workers worked with uneven speed This feature made it difficult to predict their requirements.

The plant managers asserted that given a chance again, they too could effect purchases at lower costs, but at the cost of quality, the present quality could be purchased even at lower than the present cost.

The finance controller said that the plant managers purchased supplies of similar nature and standard at 20% higher prices, before the M-Admn took over the purchases He maintained that centralisation of purchases and stores reduced inventory costs by 27%, compared with the corresponding cost for the previous period

According to the Director-EP, centralisation of stores did not result in any significant production loss; the central stores, being located at short walking distance (approach time period being 1 5 to 2 minutes) from the different plants. The plant managers complained about too much 'reporting and accountability'; it had become 'over loaded' after the appointment of M-Admn. It had led to confusion and delays in 'reporting' For example, though plant -A and plant B 1 were under the Director Civil and Sales, all the reports from these plants did not got to him Daily production reports and other related data were reported to Director-EP, other information like sales records, general grievances and difficulties were reported to Director C & S Similarly, plant managers of plant C, and plant B 2 felt that spinning, dyeing and printing master (all technical people) should work under them and report to them instead of reporting directly to Director EP on production/technical matters. They held that with this reporting arrangement, they could get better work from such persons, leading to improvement in productivity and quality of products.

While taking away 'outside activities', *viz*. purchase of supplies from plant managers, MD thought they would be able to concentrate fully on production schedules This would result in higher productivity, larger production, and cost-reduction But frequency of failures to meet the periodical targets increased, wastage increased, and increasing conflicts between plant managers and M-Admn. led to less coordination and frequent disturbance

MD was worried about ensuring suitable work-climate

SUPER ENGINEERING COMPANY

Super Engineering Company was a multilocational light engineering company. It has manufacturing facilities at Hyderabad, Pondicherry and Indore. The company adopted budgetary system with main emphasis on production and expense budgets The budget targets used to be set on the basis

of analysis of production facilities and production operations. While two units located at Hyderabad and Pondicherry were working properly and were able to meet their budget targets, Indore unit was not able to do so.

Mr. P Manohar was transferred to Indore unit as plant manager He joined the company about eight years back as engineer trainee and became the assistant plant manager at Hyderabad unit, the biggest of the three units. Manohar was very ambitious and a little bit autocratic. He believed in the exercise of authority and control to carry out his instructions. He was high achiever and believed in getting things done. He got quick promotions in the company.

Immediately after joining at Indore unit as plant manager. Manohar made preliminary study of the plant and issued instructions to all departments to reduce their expenses by five per cent. A fortnight later, he instructed the departments to increase production by ten per cent He also instructed all supervisors to strictly adhere to budgets. He introduced several new reports and watched the operations very closely. He suspended two supervisors in the second month for not meeting the budget targets Subsequently two supervisors left the plant

With all his efforts, the unit was very much on the right track and within six months exceeded the new budgeted figures by eight per cent. On setting the plant right, he was called back at Hyderabad unit as plant manager where vacancy arose However, shortly after he left for Hyderabad, the productivity at Indore unit fell below the earlier level and the budget was again in trouble

Questions

1 Analyse the type of organisational climate created by Manohar at Indore unit
2 Why was there a drop in productivity at the unit after Manohar left it ?

NEW JOB DESIGN

Newstyle Furniture Private Limited was a medium-sized manufacturer of furniture The primary product line included office furniture, lawn furniture, and exercise equipments The plant of the company was located in the suburb of a metropolitan city. The company employed about 125 workers. The plant was highly labour- intensive Even though the plant used an assembly line system, there were numerous single person jobs in the production and assembly operations.

The operations had not changed much over the period of time. However, for the last two years, the company was experiencing the problems of high level of employee turnover and absenteeism. In many cases, the rate of employee absenteeism used to be around 15 per cent.

Similarly employee turnover used to be around 40 per cent for the last two years These were considered to be quite significant. The company was experiencing the quality problems because of poor workmanship In many cases, there were complaints of defective furniture In some cases, there were complaints that someone had carved or cut a symbol in the vinyl covering. Being frustrated over these complaints, the production manager talked to the assembly line supervisors and some of the workers Such talks revealed him that the work was mostly of repetitive nature and, therefore, boring. This prevented workers from putting their best resulting into inferior quality. This also caused hi[illegible] absenteeism and turnover

The production manager was worried over this and wanted to make the jobs more interesting and enriching. However, he was not quite sure as to how to proceed. Therefore, he talked to the chief executive of the company who felt that the matter was important and urgent and the decision was taken to engage an outside consultant. The people from consultancy firm visited the plant several times and analysed the production process. Since the production process was such that it was difficult to change many of the jobs without changing the whole process of production and assembly, the consultants recommended a change from an assembly line operation to semi-autonomous task groups responsible for the complete production and assembly of certain types of furniture. They further proposed that to implement this change, there would be additional investment in machineries to be used in the production of several types of furniture and the top management had to accept lower quantities of production but that would be offset by better quality products and lower employee cost in terms of lower absenteeism and turnover. There was initial hesitancy on the part of the top management to accept the proposal due to reduced volu. e of production but ultimately it agreed to the proposal as it had long-term favourable impact.

The production manager was quite happy that the problem was over and decided that the first step was to inform the employees of the impending change He organised several meetings with the employees to discuss the impending change. During these meetings, he observed that many employees spoke in favour of ch. ge, some maintained silence but to his utter surprise, several voiced against e change One of the employees commented, "this is a great change It is for the first time that company has taken care of employees and thought about their welfare We are bored of monotonous jobs and new jobs will provide us better challenge." Another employee who was not in the favour of the change, commented, "I do not like any change in my job. I like the way it is. The new job will put me in difficulty and unnecessarily take more of my time. I have been using this time to do the things which I prefer like attending family problems and enjoying life." The production manager was back at square one thinking what to do now.

Questions

1 What is the nature of problem in this case ?

2 Could production manager have followed any different process and have been more successful ? If so, explain

3 What seems to be production manager's problem now ?

4 Recommend a solution for production manager's problems

MR. KAMAL NAYAN

Mr. Kamal Nayan joined as Office Manager, Industrial Products Limited, Bombay, after coming back from U.S A. from where he got his M B.A. degree with specialisation in personnel management. He was young and energetic and believed in results. Before proceeding to U.S A. he had several years of experience in India in different capacities. When Mr. Nayan joined Industrial Products Limited, its office time was 10 30 A.M. to 5.30 P.M. He felt that the timing should be changed to 10.00 A.M. to 5.00 P.M because he knew that office personnel in U.S.A. did not work after 5 00 P.M He

thought this to be true for India also and to ensure more availability of effective time for office, he changed it to 10.00 A.M. to 5.00 P.M. He announced the change officially.

No one reacted initially but after two days Mr. Nayan received a written memorandum by all office personnel that old office timing be restored. Mr. Nayan did not yield to this demand. However, he was convinced that the first step was to build co-operative spirit among his employees through informal get-together. Therefore, he prepared a scheme of having monthly dinner party of all members of the office. In the party, all members were to bring their home-made dishes. Their wives and children were to be encouraged to attend the monthly dinner party. The scheme was announced through placing it on the information bulletin of the company. The notice also invited suggestions from the members for making the scheme successful. Two weeks elapsed and no suggestion came. On one occasion when the day was nearing for the first dinner meeting, he overheard the following conversation between two of his office members :

First employee : "So, what are you bringing for the party ? As for myself, I will bring Bhelpuri."

Second employee : "I will bring Chana " (Both laughed)

Mr. Nayan felt that nobody was seemed to be concerned in his scheme.

Questions

1 What were the reasons for not supporting the actions of Mr Kamal Nayan by his employees ?

2 Advise Mr. Kamal Nayan how he should proceed in the matter

NAME INDEX

N

O

P

R

S

SUBJECT INDEX

T

V

Z

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